

# Nation's Business

USEFUL LOOK AHEAD

JULY 1963

## WHAT'S AHEAD FOR BUSINESS:

*Why next year looks good* PAGE 31

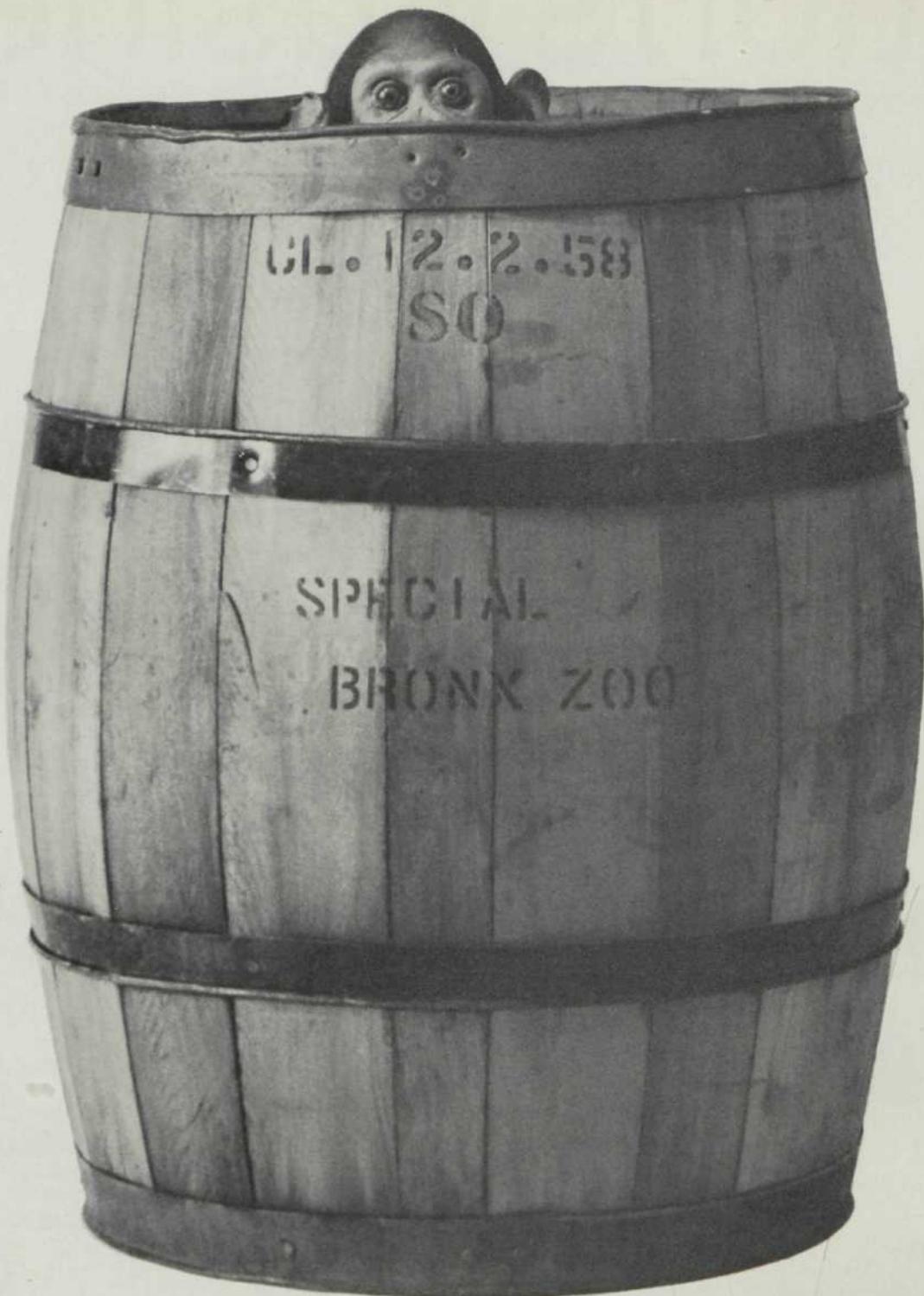
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U.S. undercuts own job-making goal PAGE 40

What you can learn from success PAGE 76



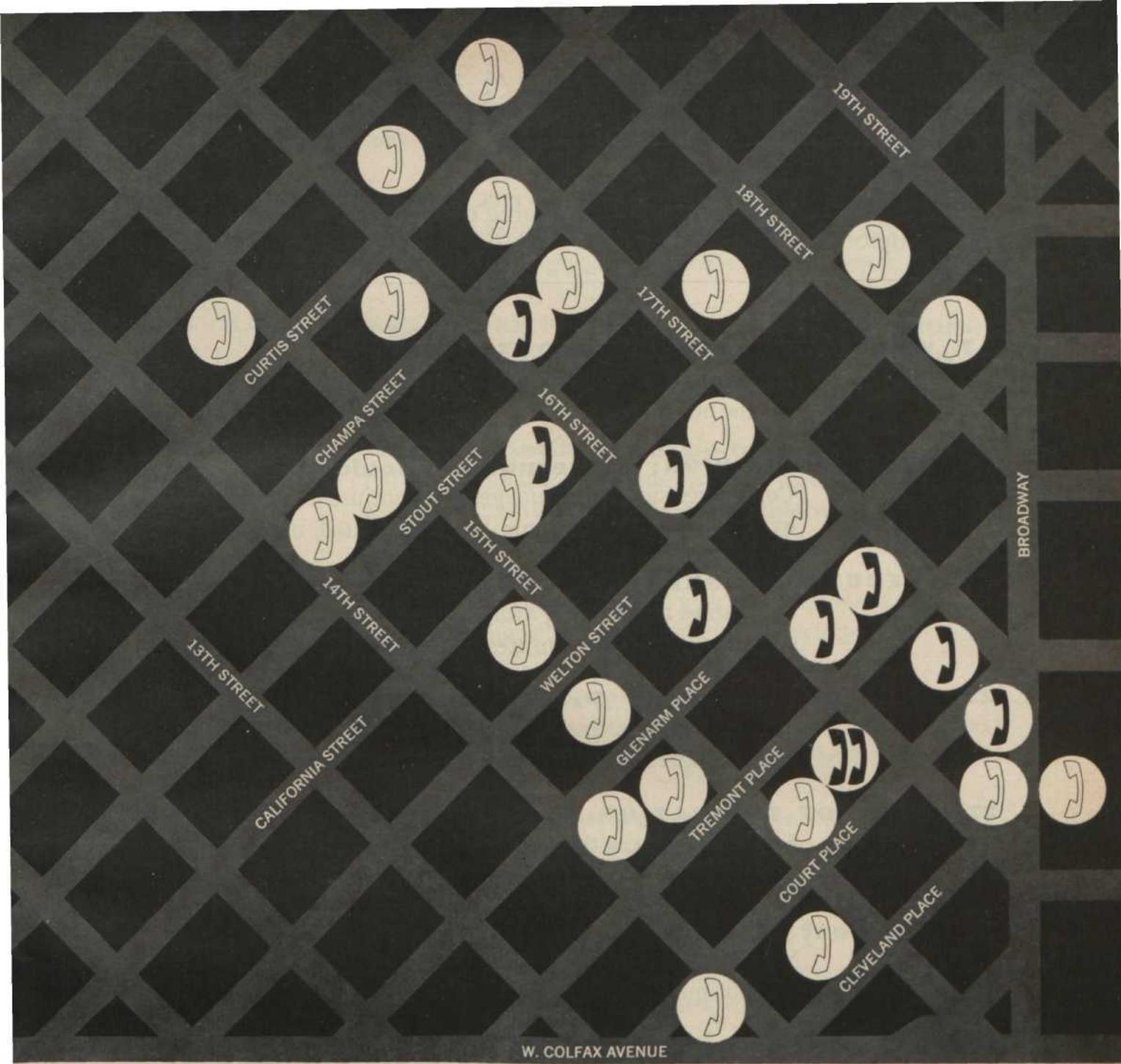
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Insurance Company of North America protects the New York Zoological Society with a business insurance program. A no-monkey-business program.

The INA program fits the requirements of the Bronx Zoo exactly. Unnecessary coverage? None. Gaps in coverage? Not a one. Protection is more efficient that way. And premiums are lower, too.

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Black phones on map show initial public phone installations.

This symbol indicates sites chosen for future public phones.

## DENVER maps a public telephone plan for citizen safety and convenience

*The City Treasury Benefits, Too. Phone Commissions Are "Plus" Revenue*

Last year, Denver's Department of Public Works drew up a plan for outdoor public phone installations on city property. The nucleus of the blueprint was ten Walk-Up phones in the busy downtown shopping section. This year, Denver is fanning out into the rest of its heavy traffic area with seventeen additional sidewalk phones.

As a convenient supplement to fire and police alarm systems, the public phones offer increased security to Denver residents twenty-four hours a day. Because the phones are available to everyone, they also benefit the more than a million tourists who come to Denver each year.

Denver folks are on the go day and night, so the outdoor phones are being used more and more. The revenue the city collects from these telephones is important.

Let a Bell Telephone Communications Consultant help you map an effective outdoor public telephone plan for your city. Call your local telephone business office and ask for an appointment.



**BELL TELEPHONE SYSTEM**

# Nation's Business

July 1963 Vol. 51 No. 7

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Washington, D.C.

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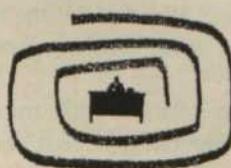
Here are some ways of analyzing your accomplishments and applying the results toward new progress in the future

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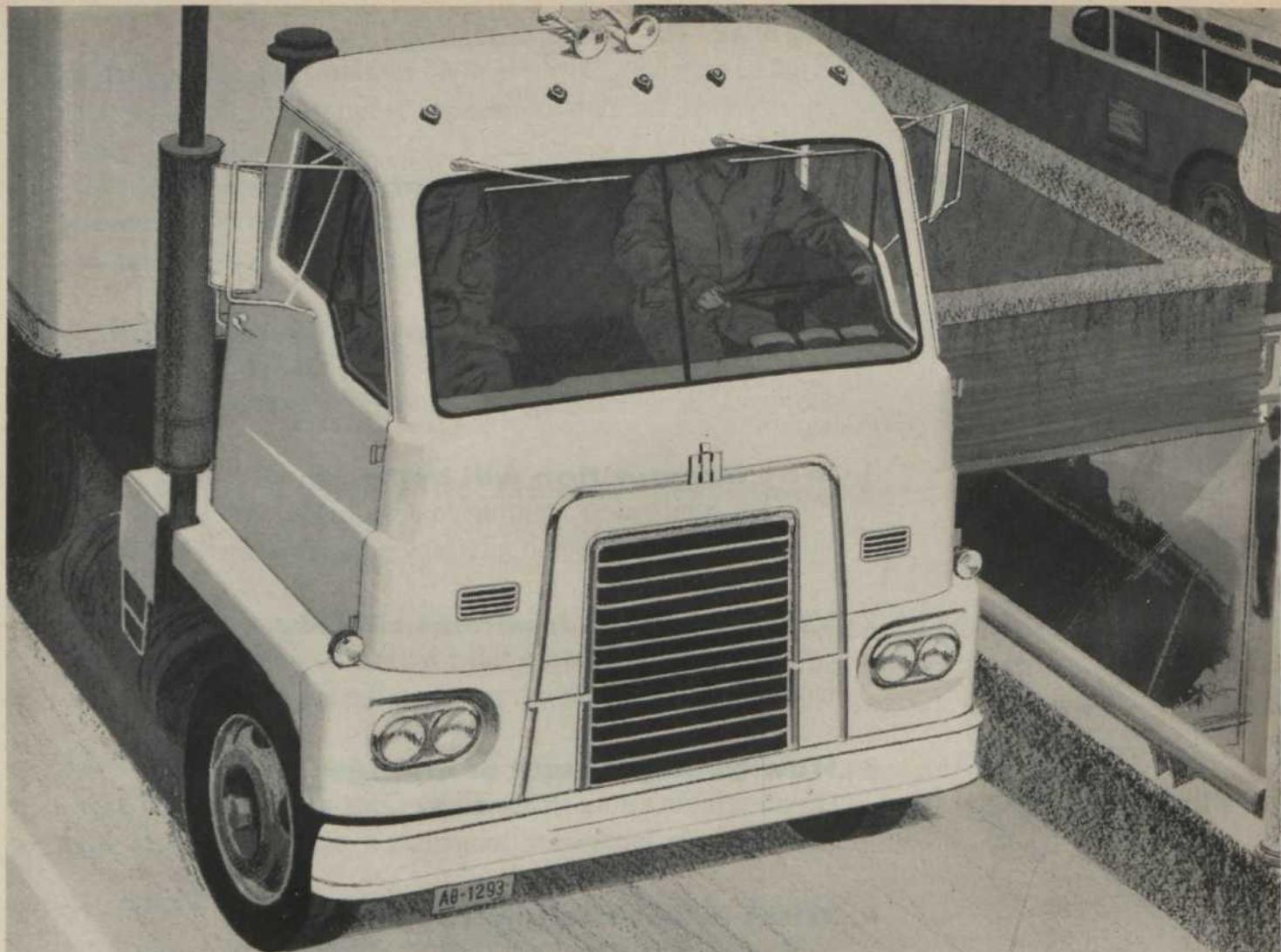
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## You save on length, get more payload, in these International Cab-Over designs

### Million-mile highway hauler has quality built into every part

Many INTERNATIONAL DCO-405 models (above at left) have rolled up a million miles or more and are still going strong, because they're premium-built through and through.

Every part is engineered for stamina. Power train, cab, bolted frames, threaded spring pins and bushings . . . everything. And we keep adding improvements. Weight-saving aluminum cabs, for example, increase payloads. Other improvements offer added power, greater driver comfort, lower operating costs.

You can "design your own" INTERNATIONAL DCO-405—single or tandem-axle model, up to 79,000 lb. GCW—with wheelbase, engine, transmission, and other components to do your kind of hauling. You may pay a little more, but you get a lot more.

To get all the facts on both of these cab-over-engine models—DCO-405 and CO LOADSTAR—see your nearby INTERNATIONAL Truck Dealer or Branch.



### New CO Tilt-Cab LOADSTAR® speeds big loads through city tight spots

This new city-style INTERNATIONAL, in the 19,500 to 27,500 lb. GVW range, has a wheelbase as much as 50 inches shorter than conventional trucks of the same capacity. Wide-track front axle permits 50° turning either way and increases ride stability. Coupled with 70-in. BBC, imagine how this helps you twist through terminals, alleys, tight traffic!

Big-visibility cab of all CO LOADSTAR models has comfortable 3-man seating, flat floor, gear shift on the steering column. Driver can get in or out both doors fast and easy.

Engines? Gas or diesel, 6's or V-8's. Alternators, Hypalon wiring insulation and unmatched rust-proofing are among features that make this a great tilt-cab.

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*(It puts more  
working rubber  
on the road)*



\*Excepting special purpose or premium tires

Test comparisons prove Firestone's new TRANSPORT-100 *outwears* leading competitive original equipment truck tires and delivers *more traction safety for the entire life of the tire!*

**HERE'S WHY:**

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- **Over 1,000 traction elements, deeper grooves, give more traction throughout the life of the tread.** Tests showed the TRANSPORT-100 had 28% more stopping power than competitive tires when new and 47% more when tires were half worn.

• **Exclusive shoulder design dissipates heat.** And a deeper outer groove (5% deeper than competitive tires) keeps the TRANSPORT-100 running cooler, helps prevent separation and blowout.

• **Safety-Fortified cord body adds strength.** The TRANSPORT-100 has a strength rating of 100 compared to a rating of 92.8 for competitive tires. This extra strength reduces tire loss due to body breaks, *insures more recaps* and a lower overall cost per mile.

These are just a few of the new high performance standards set by the Firestone TRANSPORT-100. Get *all* the facts from the tire experts at your nearby Firestone Dealer or Store. You know what you're getting when you buy Firestone . . . *your symbol of quality and service.*

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New High Performance Truck Tire

# WASHINGTON BUSINESS OUTLOOK

**If you're optimistic** about the long-range future of business you've got plenty of company.

Nation's Business survey shows four out of five top executives believe in bright future for next five to 10 years. See page 31.

**"Economy is bound to grow,"** says Ross D. Siragusa, board chairman of Admiral Corporation of Chicago.

"Projections of population growth, improved methods, and experience indicate this country will continue to grow in strength and stability," says Richard H. Rich, chairman of Rich's, Inc., of Atlanta.

"Barring war, opportunities will multiply in the time ahead—for us, anyway," comments J. A. Ryder, board chairman of firm in truck and car leasing business, Ryder System, Inc., of Miami.

"An increase in consumers plus the results of large research and development expenditures will contribute significantly to creating demand in future years," says Charles L. Huston, Jr., president, Lukens Steel Company of Coatesville, Pa.

Problems ahead? Yes.

"Too much government interference in all business—and it's increasing," says National Airlines' G. T. Baker.

Eugene C. Zorn, Jr., vice president of the Republic National Bank of Dallas, says:

"Competition is going to be keen, but the growth forces and technological progress in prospect for the years ahead afford a solid foundation for optimism."

**Good improvement in foreign trade** is forecast by leading executives for next 12 months.

Nation's Business survey reflects feelings that range from slight to hefty improvement, many executives indicating that opportunities

for growth in foreign operations are better than their expectations for growth at home.

Executive in food field, for example, sees this trend for his firm. He is Harry Hodge, vice president, Green Giant Company.

Typical comments to Nation's Business:

"Higher growth rates will continue during coming year," says Edward R. Heydinger of Marathon Oil Company of Findlay, Ohio.

J. W. Coultrap, president of Miehle-Goss-Dexter, Inc., of Chicago, sees big increase ahead for foreign selling.

"Good opportunity for growth, but increasing competition," says E. W. Schumacher, president of the American Optical Company of Southbridge, Mass.

I. Melville Stein, president of Leeds and Northrup Company of Philadelphia, says volume "will increase, based on own activities in foreign field."

Not all executives see such rosy opportunities, although this is prevailing tone. One out of five who aren't optimists qualify their pessimism.

Clouds on foreign business horizon include political uncertainties in some markets and stiffening competition from other countries.

Edward P. Taylor, vice president, United-Carr Fastener Corporation of Boston, thinks foreign volume will be about the same as in the past 12 months.

Robert B. Semple, president of Wyandotte Chemicals Corporation of Wyandotte, Mich., agrees: "We expect little change."

"Improvement," declares Wayne A. Johnston, president, Illinois Central Railroad.

Richard N. Allen, comptroller, Central Soya Company of Ft. Wayne, Ind., agrees with the optimists.

**Americans will have** nearly \$20 billion more to spend, save, invest, pay taxes with.

That's rise this year to \$460 billion, record

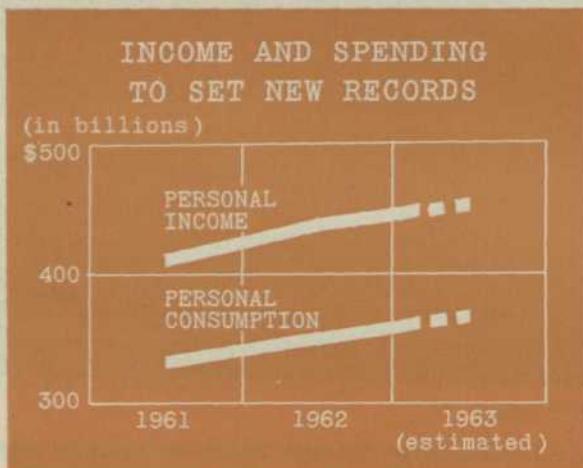
exceeding expectations as recently as three months ago. New economic calculations show probability that personal taxes will take away at least \$61 billion of this year's personal income.

Never was that high before.

Savings also are trending at high level.

But so is consumer buying—outlay in range of \$373 billion anticipated.

Translated to terms of your business opera-



tion, this is opportunity for average volume increase of about 4.5 per cent.

#### **Profit outlook changing?** Yes—slightly.

Profits hit top dollar in '59, sank in '60 and '61, rose again last year.

Total after taxes: \$26.3 billion.

It'll be higher this year by about three per cent.

But that spells disappointment to many executives, who note how much additional volume it takes to add such small profit improvement.

In the executive offices of an estimated 400,000 corporations there's little cheering about this year's highest-ever volume. You can expect that many to net no profit at all this year.

#### **Another blue-ribbon auto year in '64?**

That's question economists are trying to answer now.

Here's how trends look:

Car production last year ran just short of seven million. Sales this year are running at a comfortable margin above that volume.

It's all but sure that '63 will nose out '62 for second place behind the whopper year of all time—'55.

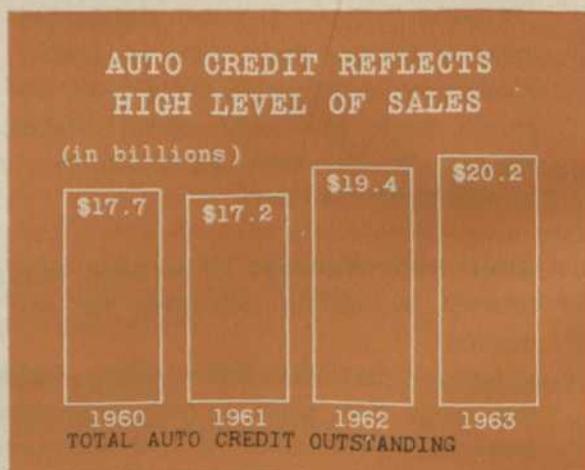
Next year's a real quizzer. To almost all auto men, three good bumper-to-bumper years are just too much to count on.

But that's how it shapes up now, from forecasters' view. Industry's working estimates range all the way from this year's volume to a grand total of 8.5 million cars.

Add truck and bus sales to these guesstimates and you're sure to see the kind of year that wins pay raises for managers—and dividends for shareholders.

#### **Government shares in auto prosperity.**

Through registration fees, gasoline taxes, special city and county taxes, bridge, tunnel, ferry and road tolls, plus excise taxes, governments in the U. S. are benefiting at the rate of more than \$1 billion a month.



# WASHINGTON BUSINESS OUTLOOK

**There will be a tax cut.** It's all but sure now as legislators on Capitol Hill work out final details.

They're concerned with reforms, don't want same tax increases President talked about in January, but do expect to boost some taxes to offset partially the rate cuts.

Watch for action in House of Representatives by end of this month.

After House passage, final action will be delayed. Senate Finance Committee hearings will take at least a month.

**New Washington move is afoot** that would hike business costs.

Background: Unions have been pressing for 35-hour workweek law. Leaders theorize that shorter week would spur industry to put more people on payrolls.

Pressure, though strong, is failing.

President Kennedy continues to oppose the short week.

Future: Watch for labor leaders to switch goals.

They'll put collective union shoulders behind move to boost overtime pay.

Average now is time-and-a-half for overtime hours.

Unions believe higher rates for extra time would boost hiring as managers attempt to avoid running into expensive double-time production.

Either way, business costs would rise.

Actions to watch:

1. House subcommittee in August will hold public hearings announced as dealing with problems of unemployment.

Group will look into double-pay proposal sponsored by Rep. James O'Hara of Michigan.

2. Early next year watch for subcommittee to act favorably on O'Hara bill, setting it in motion for possible passage before congressmen go home to run for re-election.

**Space agency is branching out**, getting into the economic-stimulation business.

James E. Webb, space chief, stresses reliability of equipment.

But the agency is also stressing economic stimulation in contract placement. Agency, according to procurement boss, may buy from firms that are not judged most competent.

According to Ernest W. Brackett, director of procurement, the space agency "is attempting to see that consideration is given in placing contracts so that they will aid the economy."

He comments:

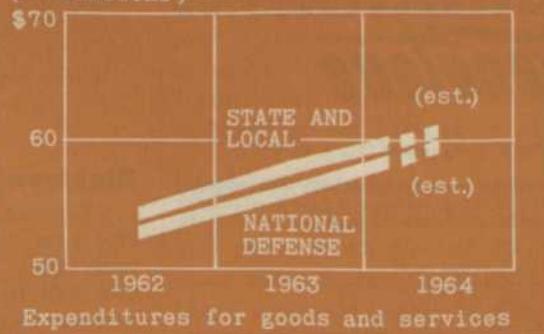
"If a second- or third-rated company is rated technically pretty close to the top, Mr. Webb has said that the award would go to the company in the labor surplus area, even if it is not first technically."

**Government spending spree goes on.** Despite efforts to check zooming cost of government, programs never cost so much, keep costing more.

Washington has just completed history's biggest year (surpassing war years '44 and '45 by billions). Ahead is year that'll see federal spending climb another \$6 billion. Total will top '51 spending by more than 100 per cent.

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## Business opinion:

# Government should pay for damage it causes

I READ WITH GREAT INTEREST your well written article "Growing Issue: High Cost of Justice" [May].

As a matter of simple justice those who have been unjustly accused should be recompensed for their damage. Such a result would discourage unworthy or doubtful prosecutions.

If the government loses, it should pay all damages, in addition to the costs and expenses of defense. Although legal costs and expenses are tax deductible in the event of a successful defense, why shouldn't the actual damage caused by the unsuccessful prosecution also be tax deductible? If a company has gone on the rocks and is therefore unable to take such a tax deduction, it should receive such damages as an outright award of money in compensation for the injury inflicted.

There should be compensation for a wrong and the compensation should be complete and not limited to costs and expenses of the litigation. Every theory of fairness in common law and equity should rebel at the present state of affairs.

The government waived its right to immunity in certain classes of wrongs when it enacted the Federal Torts Claim Act. The philosophy that the government should compensate a citizen whose auto has been damaged by a mail truck is the same philosophy that should compensate the same citizen for the much greater wrong of damaging or ruining his business.

The solution is with Congress.

SAMUEL PIVAR  
Attorney at Law  
New York, N.Y.

### Electronics at work

"Personal Outlook" [May] tells of two new electronic switching systems that have been installed in two New Brunswick, N.J., business firms and says the first actual working test is planned for 1965 in Succasunna, N.J.

A new General Dynamics electronic switchboard will be installed

in our Long Beach, Wash., exchange later this year.

We are proud of this advancement in the independent telephone industry.

NORMAN A. HOWERTON  
President  
Ilwaco Telephone and Telegraph Company  
Ilwaco, Wash.

Actually, the first all-electronic switching system for business use went into full operation at Southern Pines, N.C., in November of 1961. Etna, N.Y., became the first community served by a completely electronic telephone exchange on September 8, 1962. Both of these were commercial—not test—systems.

Both were manufactured and installed by the Stromberg-Carlson Division of General Dynamics Corporation.

LEE GIST  
Director of Public Relations  
General Dynamics Corporation  
New York, N.Y.

► *We should have said that the Succasunna installation will be the first commercial test by the Bell System for an entire community.*

### Father's job ignored

"Executive Trends" [May] notes the discrimination by campus recruiters against the sons of laborers and points out the lack of aptitude for executive training of these men.

Based on our experience we do not believe this is a valid point. Some time ago, we reviewed the occupations of the fathers of about 25 of our top manufacturing executives. These men ranged in position from plant manager to vice president. We found no correlation whatsoever, nor any pattern that indicated that the father's occupation was related to success. There was quite a random distribution of the fathers' occupations among this group.

I hope that a father's occupation will be ignored in recruiting.

JOHN W. PLATTNER  
Head of Employment and Training  
Industrial Relations Division  
The Procter & Gamble Company  
Cincinnati, Ohio



Super Hi-Miler (at left) vs. comparably priced truck tire (at right) after typical accelerated, high-speed, overloaded, 50,000-mile test on same equipment, over same roads, with same driver.

# yes, outwears! yes, any other!

## Goodyear's New Super Hi-Miler truck tire

**yes!** Super Hi-Miler is made with TUFSTYR—toughest, longest-wearing synthetic rubber in Goodyear history. And it's been proved over millions of highway miles!

**yes!** A new wide-tread pattern lengthens Super Hi-Miler life. Tread wear is distributed over much greater area to reduce *rate* of wear and increase mileage.

**yes!** Super Hi-Miler beats tire-killing heat. Dual-compounded tread has a resilient inner tread to cut heat buildup. Open shoulder grooves dissipate heat further.

**yes!** There's longer wear in compact continuous ribs, too. No small segments to squirm and scuff away mileage. Deeper outer grooves for extra traction, extra safety.

**yes!** Super Hi-Miler rides with a new "muted sound" for less "rumble" at high speeds on the road. Variable zigzag tread segments are acoustically engineered. Listen!

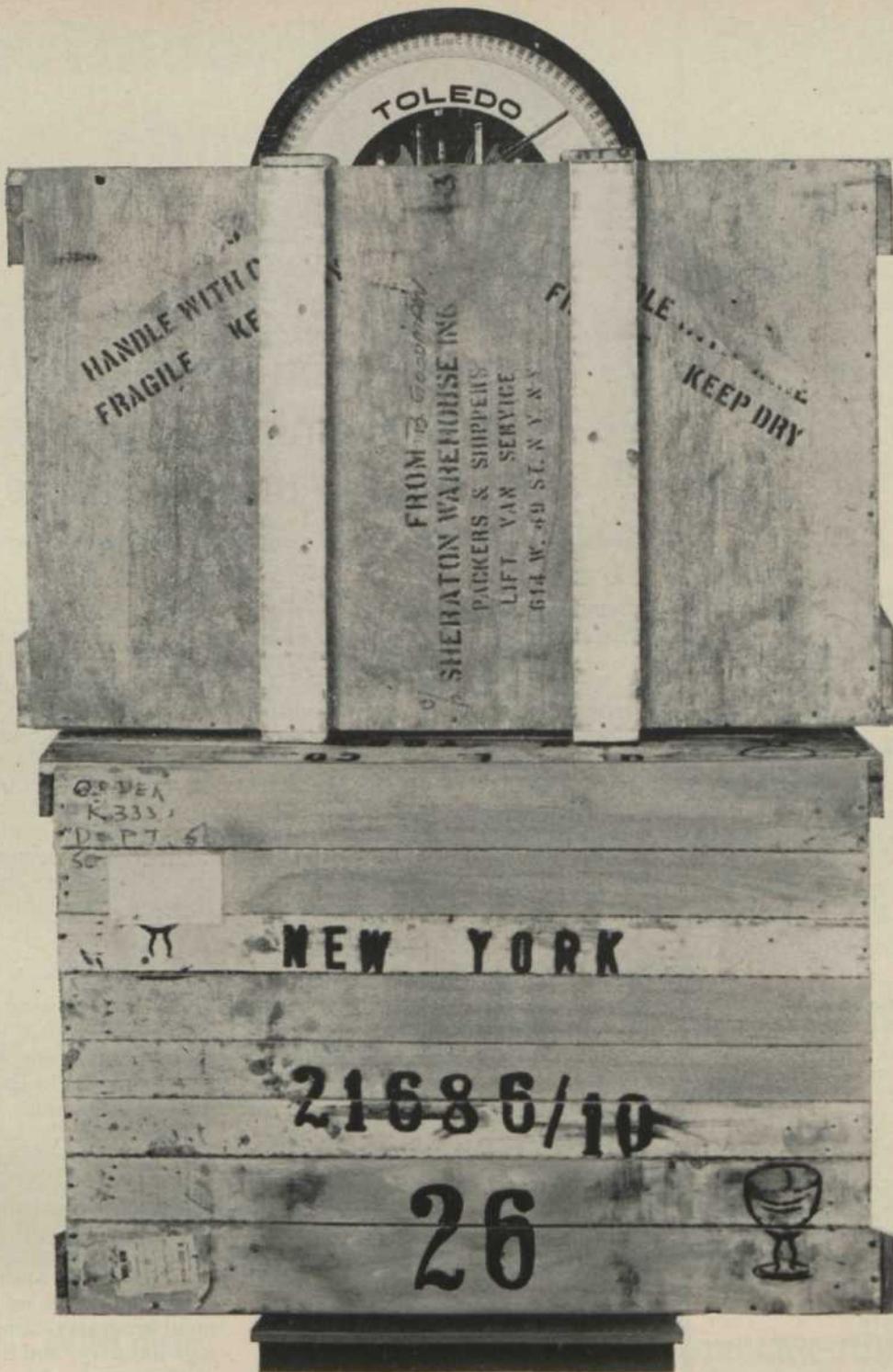
**yes!** Goodyear's new Super Hi-Miler with TUFSTYR rubber outwears any other truck tire of its kind. Save with Super Hi-Miler truck tires! Goodyear, Akron 16, Ohio.

**GOOD**  **YEAR**

Hi-Miler, Tufstyr—T.M.'s The Goodyear Tire & Rubber Company, Akron, Ohio



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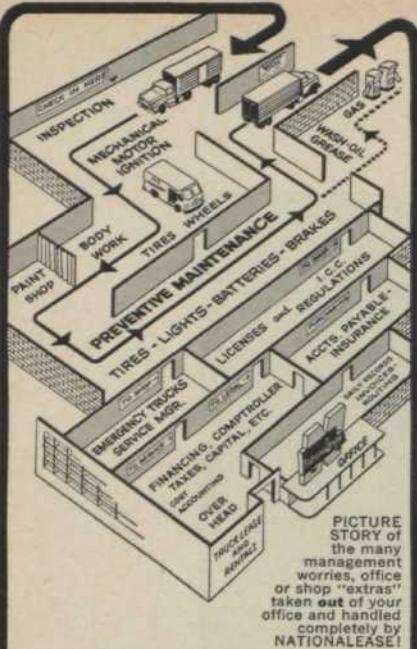
one receipt, one bill, one charge. REA uses all methods of transportation and in any combination—rail, truck, air and ship. And REA is the only carrier that picks up at your door and delivers to anywhere you specify, within published limits. And of course, when hours count use Air Express, a coordinated service of REA and the scheduled airlines.

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# Executive Trends

- Compensation pattern will change
  - Why training programs fail
  - P. R. man does a double take



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**FULL service PLAN!**

there are many forms of  
leasing but from only **ONE**  
do you derive full benefits

**Just what you're looking for.**  
might well be one of these full-service  
NATIONALEASE plans. They will help you  
COMPARE the **NO**-capital, **ONE**-invoice  
NATIONALEASE way against your present  
program for acquiring and maintaining  
your trucks.

**ADD-A-TRUCK** plan: As you expand, COMPARE the NO upkeep, NO worry  
NATIONALEASE way with your present way.

**RETIREMENT** plan: COMPARE the efficiency of replacing old trucks with new  
Chevrolet or other fine makes, painted,  
insured, licensed and completely maintained  
by NATIONALEASE, against the cost  
of otherwise acquiring and maintaining  
new ones! DON'T FREEZE YOUR NEW  
CAPITAL in your fleet. Save work, save  
troubles, save expense.

**The PILOT** plan: COMPARE one  
division or branch operating the  
NATIONALEASE way, against the actual costs  
and confusions of your present way. It's  
easy to figure the NATIONALEASE savings,  
because there's only **ONE** invoice for **ALL**  
truck expense... and you know the costs  
in advance!

A Nationwide Network  
of LOCALLY OWNED,  
NATIONALLY  
EXPERIENCED  
affiliates.



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Literature.

Lease a new  
CHEVROLET  
or other fine truck

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**Compensation outlook** for American  
businessmen:

More salary, less bonus.

That's the forecast of Dean Rosensteel, director of the Executive Compensation Service of the American Management Association.

Mr. Rosensteel, who for years has been analyzing managerial compensation practices and trends, says executive salaries, averaged overall, have been advancing at from three to four per cent a year. He looks for this pace to be maintained or stepped up.

Bonus plans are losing some of their appeal, Mr. Rosensteel says, in part because of last year's tax depreciation changes. The changes—in some industries—led many companies to increase their charges to depreciation. This pulled money away from profits and, as a result, chewed into executive bonuses tied to profits.

Now companies are showing more interest in building bigger salaries as a way of promoting stability in their executive ranks.

**The day is coming** when there will be close comparability between executive pay patterns in U. S. businesses and companies in other industrialized countries.

So says Paul H. Kiernan, managing director of Kiernan & Company, Inc., an international executive search organization. The firm's London office recently completed a study of compensation trends in Great Britain, found stock options gaining in popularity.

The trend toward comparability in compensation patterns is attributed by Mr. Kiernan to "the emer-

gence of the new breed of international manager, and internationalization of business, which is beginning to dissolve strictly national executive pay practices."

Some authorities tell NATION'S BUSINESS that such executive perquisites as company cars and big expense accounts are finding less favor with the younger generation of managers abroad. They, like their American counterparts, are showing more interest in straight salary.

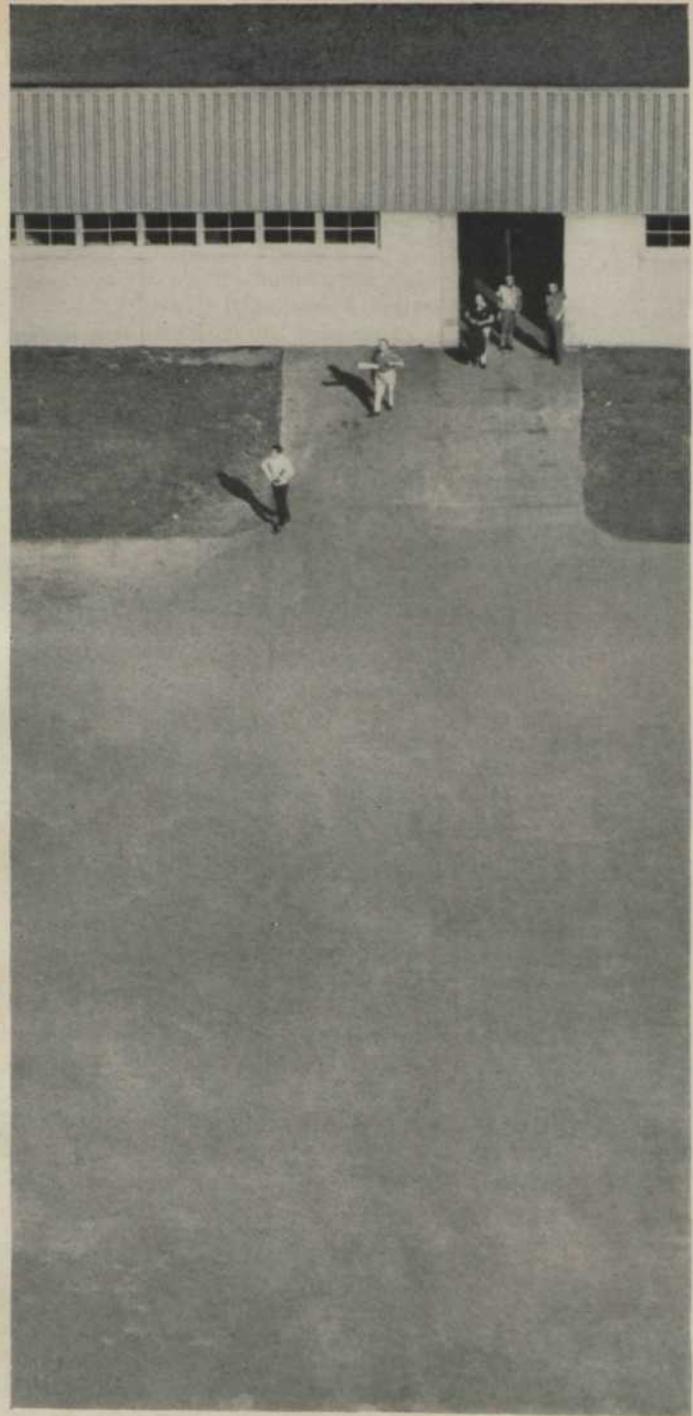
A new aid to long-range planning may arise from a study which an independent research organization is making for a group of growth-minded companies in the Midwest.

Object of the study: to determine how key families or individuals affect the decision-making process in a community. Results to date show that all cities and towns have a small group of influential people whose approval or disapproval can sink or save redevelopment programs, campaigns to attract new industry, and a variety of other projects.

The companies that commissioned the study hope the resulting data will help them to enlist the aid of community leaders when they need it in the future.

In their digging the researchers have found that the most powerful people in a town often are not conspicuous.

In all the communities under study in the multistate survey the researchers are looking not only for the key leaders but for predictable patterns within a leadership elite. They want to know, for ex-



**With only  
a few  
employees...**



**you can offer  
the same incentives  
as the "big boys"**

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## **EXECUTIVE TRENDS**

*continued*

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2. If you make promises to trainees, be sure you keep them.
3. Give trainees the most challenging work assignments possible.
4. Review the trainee's progress every two or three months, and let him know where he stands so he can correct his shortcomings.

The study of development programs that went sour was directed by Thomas R. O'Donovan, associate professor of management at the University of Southern California.

Mr. O'Donovan and his associates surveyed former participants in programs that were discontinued because the firms sponsoring them felt they were not adequately developing management talent. In most cases the companies turned to other means, including job rotation, to fill the void left by abandonment of a formal program.

The researchers found that too often trainees were given unchallenging work assignments.

*(continued on page 21)*

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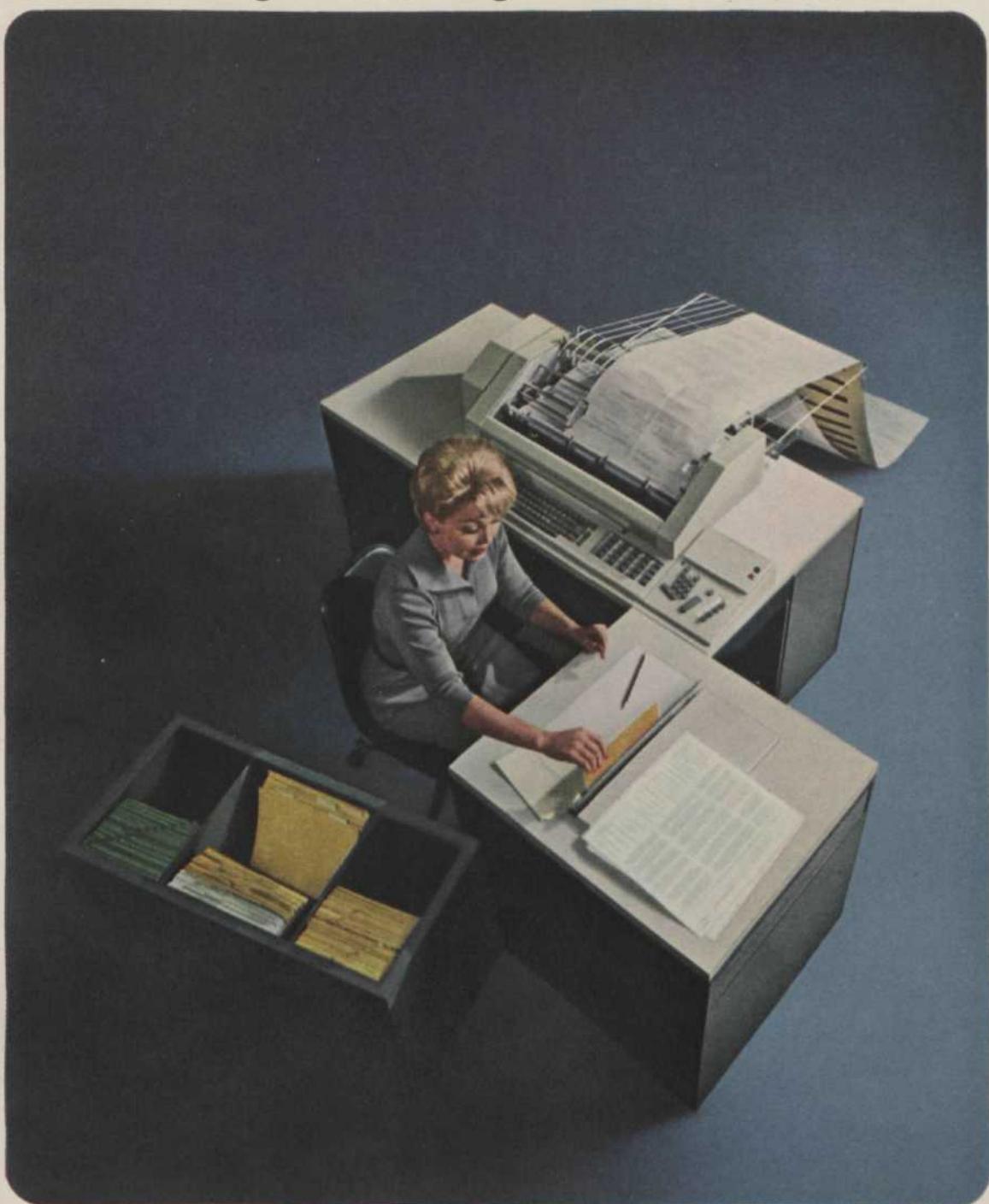
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DATE	REF. NO.	CHARGES	OPEN	10	3	25,000.00	OVER 30	OVER 60	OVER 90	
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7/21/6-	12566	13.91			201.63					
7/30/6-	12671	304.11			505.74					
8/01/6-					505.74	505.74				
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9/01/6-					474.14	156.12	318.02			
9/04/6-	13094	73.17			547.31					
9/14/6-	13308	75.00			622.31					
10/01/6-					622.31	148.17	156.12	318.02		
10/04/6-			195.00		427.31					
10/09/6-			20.00		407.31					
10/16/6-	15103	46.98			454.29					
10/25/6-	15487	141.71			596.00					
10/29/6-	15782	88.06			684.06					
10/30/6-	15802	16.07			700.13					
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## EXECUTIVE TRENDS

continued

lenging work assignments, were made to feel that the training program was not really very important, felt promises made to them were not kept, were resented by nontrainee employees because the latter were not made aware of the purpose of the program, and that the trainees were only infrequently evaluated by their supervisors.

• • •

Your company might want to use an experiment in economic education which is being successfully pursued by the Washington Gas Light Company in the nation's capital.

Washington Gas Light annually distributes some 40 shares of its stock to public high schools in the area it serves. The schools, in turn, award the shares to juniors who qualify as recipients by passing tests, writing essays or meeting other criteria.

Each year the company conducts a "Junior Stockholders' Meeting," to which the young share-owners are invited. At these sessions, company president Donald S. Bittinger and other Washington Gas Light officers explain the firm's progress and problems and answer questions from the floor.

The young capitalists have responded enthusiastically. At this year's meeting they peppered Mr. Bittinger with informed questions concerning load factors, earnings, company maintenance costs, sales strategy, the long-range outlook for natural gas, and other subjects.

The program was conceived several years ago, at the time Soviet Premier Nikita Khrushchev was in this country. Robert T. Keith, assistant to Mr. Bittinger, recalls that Washington Gas Light Company executives were appalled by Khrushchev's brazen boast, "We will bury you," and his prediction that future Americans would live under socialism.

"We set out, in our small way, to do something to prevent Khrushchev's predictions from coming true," says Mr. Keith. "We feel that our Junior Stockholders' program is a substantial contribution to that end. By letting young people actively participate in the functioning of free enterprise we are helping to build a really solid future bulwark against socialism. The program removes the humdrum image of business from youthful minds."



*Mrs. Leon Kowalski of Kowalski Appliances (Address on request)*

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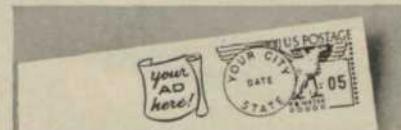
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# Progress robs President of traditional weapon

BY MERRIMAN SMITH

ONCE UPON A TIME, in those dear dead days almost beyond recall, members of the Congress were most reluctant to remain in session much after July. This was particularly true in years when Washington's humid hot weather arrived early.

Our proud capital city can become almost fetid when 95 degree heat frizzles the odorous, marshy banks of the Potomac. Not so many years ago, entire government departments had to close down on occasional afternoons because the heat made indoor work almost impossible. In this era, as soon as school was over, the lawmaker packed his wife and children off to their home state, joining them a few weeks later for blissful relief from the irritations of summer life in Washington.

The combination of weather and a yearning for home soil gave the President and his congressional leaders a certain negative power when the House and Senate balked at pet administration legislation.

This negative power operated simply by having the President and his lieutenants on Capitol Hill threaten to hold Congress in session indefinitely. Admittedly this was a last-ditch disciplinary threat, but it was effective.

Today, however, President Kennedy and his Democratic leaders of the House and Senate have been robbed of such a persuasive weapon. And the robbery may be traced to technological progress, as well as to a shift in the living habits of many lawmakers.

Air conditioning of virtually all government buildings has taken much of the discomfort out of working through a Washington summer. With air conditioned cars and similarly cooled homes or apartments, a fleet-footed Washingtonian need be exposed to nature's heat for no more than a few minutes each day—to dart from the parking lot into a building.

The jet airplane and shuttle services by prop commercial planes up and down the East Coast, and to a lesser extent into the larger midwestern centers, have given members of Congress greater mobility. Even

a lawmaker who must tend to his political fence-mending can do so handily thanks to speedier commercial airlines, and do it while tending to his congressional duties four or five days a week.

In the days when summer heat was an important factor in determining the length of a congressional



*Like other lawmakers, Iowa's Sen. Jack Miller feels Washington's heat—but it's cooler inside*

session, many lawmakers lived in hotels or apartment hotels. Today this type of temporary accommodation is the exception. Many more members than not have their own homes in the Washington area, or they have settled more or less permanently in comfortable—and air-conditioned—apartments. In short, there seems to be a tendency on the part of many representatives and senators to regard Washington as home. This is certainly true of their school-age children.

With these human factors partly responsible, Mr. Kennedy faces the prospect of having the current Congress in session well into September. Some members speak darkly of not finishing until mid-October.

A Congress that sits for from eight to 10 months can be expected to adjourn in something less than a happy state. The courtly clubmanship of membership in either house wears thin, to say nothing of the exas-

*Merriman Smith is the White House Reporter for United Press International.*

eration that mounts at the other end of Pennsylvania Avenue in the White House. The current, doleful forecasts of an unusually long session this year are based on the likelihood of drawn out battles over the administration tax bill and civil rights legislation. It goes without too much saying that southerners will filibuster at length in the face of the Administration's drive to enact its civil rights proposals.

The fact that a congressional session threatens to last until early autumn may be regarded by some students of the American political system as indicating lack of presidential punch and power to put across Mr. Kennedy's program. And to a certain extent, a drawnout session usually indicates trouble for administration bills.

The current situation on Capitol Hill shows rather clearly that a modern President is decidedly limited when it comes to exercising power.

If President Kennedy is to be powerful, he must be an efficient and compelling salesman. He must generate so much public steam behind his programs that the lawmakers feel the heat.

And this they have not felt, at least to the extent of action on some of the President's primary proposals.

Aside from the merits of administration legislation or the lack thereof, the absence of intense public interest in some of the pending bills may be due in large measure to the inability of a great many people, including some of the lawmakers, to assimilate the mass of material fired from the White House.

By the first of June, Mr. Kennedy had sent this session of Congress 15 special messages and 12 important letters, with most of the letters concerning money. He also submitted 22 reports by government agencies and departments and sent eight treaties to the Senate for consent to ratification.

Not so many years ago, a presidential message to the Congress was a momentous communication which commanded top newspaper headlines and columns of reading material. With 27 major communications from the White House to Congress by the first of June—the messages and letters—this device of stating a policy and proposing action has lost much of its old luster.

Add to the messages and letters the fact that Mr. Kennedy followed up each communication with lengthy added remarks in his televised press conferences. The result: a blizzard of words and a storm of ideas which only the deepest student of federal operations could follow in any intelligent detail.

What with astronauts zooming around in space, the cost of living creeping higher, dogs and fire hoses in Birmingham, 14-car wrecks on the Jersey turnpike and saturation publicity attendant on the worldwide premieres of "Cleopatra," the public has a difficult time of it sorting out and retaining major news developments.

Mr. Kennedy entered the White House in 1961 believing that his victory over Republican Richard M.

Nixon was due in large part to his television debates with the incumbent vice president. This in turn led Kennedy advisers to the general theory that almost any exposure to the public, particularly over the TV and radio networks, was an automatic deposit in the President's popularity account.

They scoffed at the idea of overexposure, something which seasoned television performers had come to fear. It seems not to have occurred to the President's top idea men that the public can be overstuffed, or at the very least, fed so many ideas and so much information that powers of absorption are dulled. The public appetite for new and interesting facts apparently is insatiable, but the same leader saying essentially the same things week after week in behalf of a legislative program can be quite another matter.

• • •

It seems at times when the President is sending message after message, letter after letter to the House and Senate, that he, in the sports vernacular, is trying for points. In such instances, he seems to be building an enormous record of recommendations for later reference, quite obviously during 1964. This is not an exactly new technique in politics, but the degree and volume of distribution is new.

It takes courage and a modicum of wisdom to remove a major political figure from the news deliberately. Yet, President Franklin D. Roosevelt's press secretary, the late Stephen T. Early, did just that on several occasions. Long before communications were as enveloping as they are today, Steve Early reached the point periodically of believing that the public was sick of seeing his boss in print, hearing him over the radio and watching him in theater newsreels. Whereupon Steve would decree, with Mr. Roosevelt's approval, that there would be a week or two in which the chief executive would function quietly sans pictures, major news breaks or any action which would have catapulted F. D. R. onto the front pages.

The same formula might be applied today in communications, or more accurately, recommendations to the Congress and subsequent, supportive explanations to the public.

The fact of the matter, as Mr. Kennedy delights in saying as he sums up a situation for his press conference audiences, is that the public may be so swamped in words from Washington that supersalesmanship is defeating itself. One has only to travel two or three hundred miles from Washington to detect the tremendous fall-off of interest in most matters which seem so earth-shaking in Washington.

• • •

The President and members of his Cabinet intend to move about the country energetically this summer, speaking in behalf of the administration program. This strategy is intended not only to push currently pending proposals in Congress, but to lay a foundation for the New Frontier campaign next year.

If the chief executive and his associates are to be effective, they would be well advised to make their presentations attractive and brief. It is going to be a long, hot summer out in the country, as well as in the halls of Congress.



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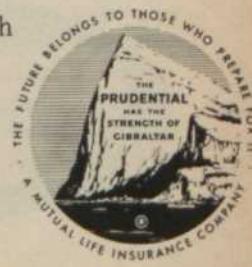
Unfortunately, too few businessmen form definite retirement plans early enough. While working hard to build a career and earn money, a man is likely to overlook the long-range objective—setting aside money for the time when he stops working. Human nature being what it is, the retirement plan is put off. And the months and years slip away unnoticed.

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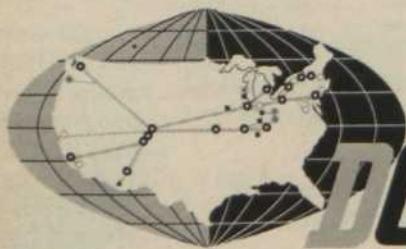
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## Educationists' gadgetry produces poor teachers

BY FELIX MORLEY

IT WAS both an unusual and a significant international incident when the British Minister of Science, Lord Hailsham, recently rose in Parliament to denounce American educational methods.

The noble lord had been requested to explain, in his official capacity, why so many British scientists have been leaving their own country to take directive positions over here. He tartly replied that the United States must "live parasitically on other peoples' brains because of the inadequacies of their own educational system."

This was not a tactful observation. Lord Hailsham was roundly reprimanded for making it, both by his legislative colleagues and by sundry British commentators. Few, however, went so far as to call the criticism nonsensical. And even fewer Americans who have made close and objective study of our public education would deny a measure of justification to the charge.

• • •

Now a well documented indictment, far more disconcerting than that of the British Minister of Science, is stirring educational dovecots from Maine to California. In a book entitled, "The Miseducation of American Teachers," Dr. James D. Koerner, president of the reputable Council for Basic Education, conscientiously seeks the roots of public school deficiencies. What he calls the educational "Establishment" will not find it easy to counter the evidence presented.

By the Establishment Dr. Koerner means the well-organized hierarchy of self-styled "educationists" who not only control the administration and curriculum of our public schools, but also presume to teach the teachers precisely how to teach. The nubbin of the case against these educational directors is that they are, with honorable exceptions, themselves largely uneducated in any field of either practical or theoretical significance.

In preparing his study Dr. Koerner, himself a teacher, spent two years not merely in research but in actually visiting the great majority of those universities and colleges where public school teachers re-

ceive their training. His findings suggest that we are indeed fortunate to have as many dedicated and competent instructors, men and women, as is the case. This good luck cannot be attributed to the professional preparation these teachers have for the most part received.

The relatively new degree of Doctor of Education (Ed. D.), for instance, is shown to be as easily obtainable as it is increasingly popular. All that is needed to qualify is a pass degree from any college and the writing of some such thesis as "A Study of the Emotions of High School Football Players." In this actual case the candidate came to the remarkable conclusion that the more important the game, the higher the "emotional levels" of the teams.

While this particular illustration may be called extreme it remains true that the Ed. D. can be ob-

MASSAR-BLACK STAR



Dr. James Koerner's new indictment of educational "Establishment" is educating public to real problem

tained with far less effort, or knowledge, than any advanced degree in any other academic field. Yet once received it leads to a key position in the direction of public education and the deferential respect of those who mistakenly assume that anyone entitled "doctor" has at least some tangible professional skill.

The paucity of any real learning among the edu-

## TRENDS: STATE OF THE NATION

cationists is often hidden by a display of what Dr. Koerner (who earned his Ph.D.) calls "Educanto." This is the involved and largely meaningless verbiage used to create the impression that there is some scientific content to education wholly apart and distinct from the teaching of subject matter.

For instance, one recent doctoral thesis is: "The Effects on Non-Target Classmates of a Deviant Student's Power and Response to a Teacher-Exerted Control Technique." All this means is how a class reacted to an attempt to discipline a trouble-maker. But by preferring stilted jargon to simple English a trivial theme can be made to sound impressive.

From actual textbooks which teachers must read to become administrators Dr. Koerner has collected some appalling illustrations of Educanto, such as "the normative generalization reference cue" or "the extrinsic dualistic organization of coordinate administration."

• • •

Without elimination of the fraudulent element which Dr. Koerner finds in teacher training we can scarcely expect either adequate instruction or interested pupils. Expensive buildings and higher salaries are certainly no solution unless and until the old-fashioned professional dignity of teaching can be restored.

Many educational problems currently in the headlines, such as the high rate of school drop-outs or the malicious vandalism of schoolboy gangs, would seem in part traceable to classroom boredom. This is clearly fostered by the prevalent theory that the "methodology" of teaching is more important than any real grasp or knowledge of subject matter. Youngsters are quick to detect and disown a leadership which is essentially phony. It may well be that much juvenile delinquency is actually promoted by the lack of intellectual content and discipline in public schooling.

If the central problem is "the miseducation of American teachers" then peripheral efforts to solve it are unlikely to succeed. One currently to the fore is called "Guidance Counseling," itself a redundant Educanto phrase since counseling is obviously guidance and guidance equally implies counseling.

• • •

Every school child, of course, needs guidance and when parents fail in this duty the school must perform its endeavor to take up the slack. But it is doubtful whether this can be accomplished by giving an Ed. D. to a half-baked psychologist and then setting him to unravel all the complexities behind Johnny's unwillingness to learn the multiplication table. And this, as Dr. Koerner shows, is only one of many ways in which the teacher has been deprived of essential authority in behalf of very dubious educational fragmentation.

Federal aid, when granted, is largely used to develop even more educational frills at the expense of substance. And there is some excuse for Lord Hail-

sham's impertinence in the fact that Washington, under the all-embracing spread of the Agency for International Development, is now trying to make other countries learn Educanto.

Incredible though it may seem this agency in May awarded \$1,187,500 of taxpayers' money to Teachers College of Columbia University, to be spent on "educational reform and development" in Peru. In return, says AID, the college "will provide 10 or 12 advisers from various administrative and program fields and educational specialties to work with the Peruvian educators in all facets of the educational program."

One must sympathize with the Peruvian kiddies, in this instance of the extremes to which foreign aid is carried. For them it means a helpless subjection to an educational gadgetry which certainly is not proving eminently satisfactory in the land of its birth.

Peru is not the only Latin-American country where elementary education is being subsidized by AID while our own schools leave much to be desired. In June this agency announced that it plans to train 1,000 teachers in rural Bolivia, and will ship as many tons of cheese and butter to Costa Rican schools under the Alliance for Progress program. On the latter project it will even pay shipping charges.

A very difficult part of our own serious racial problem is the lack of vocational skills among Negro workers who are demanding numerical equality of employment. While that obstacle remains unresolved at home it is certainly curious that the federal government should be spending millions to improve the productivity—as it claims—of illiterate foreign children.

• • •

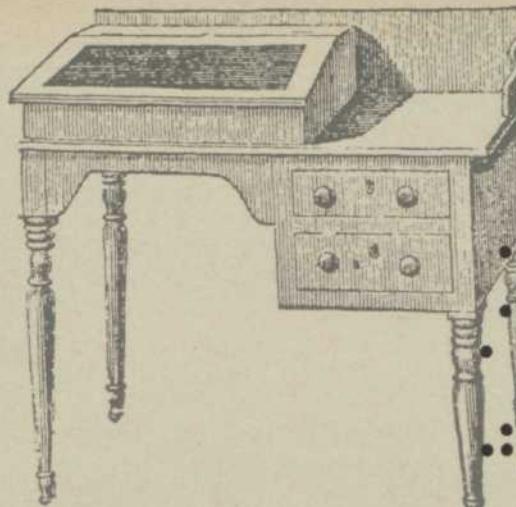
By its massive support of federal aid to education it appears that the "Establishment" has done our public schools an unintentional service. With the skyrocketing financial demands of the educationists has come an intensive taxpayer scrutiny of their methods and techniques. What is disclosed is definitely disconcerting.

Valid criticism, as shown by Dr. Koerner's current study, has been boring in on the basic problem, which is the conduct of teacher education. It is not so much that the standards applied here are so low, although this alone is deplorable. The pretense that these standards are educationally reputable is more disturbing than the window dressing which can rather readily be detected as such.

• • •

The fact that there is still so much good teaching in spite of misdirection is the best reason for thinking that really professional standards can be restored to the public schools. It will not be easy, for there is no reason to expect any sudden change of heart in the well entrenched Establishment.

But unremitting public pressure, exerted through school boards, by parents' organizations and, whenever possible, at the polls, is already producing good results. At least, in view of the rising tide of pointed criticism, it is no longer possible to maintain that there is no deficiency in our public education which could not be set right merely by a more lavish expenditure of public funds.



# THINK DESK-SIZED COMPUTER

Why buy a giant-sized electronic computer? Why pay for computing capability that's far beyond your need—and your budget? A **desk-sized**, general-purpose digital unit from General Precision may meet your requirements nicely—and save you money, too. General Precision computers are performance-tested and value-proven in hundreds of applications. They're solving tough problems in engineering departments, scientific laboratories, academic institutions, and varied business enterprises across the nation. Call, wire, or write today to learn which computer best fits your operation and your budget. Each purchase price and leasing plan includes use of an extensive program library covering most applications. Begin now to think desk-sized! **LGP\*21 General-Purpose Computer** Low-cost, solid-state, stored-program digital computer. Practical for small firms or small departments of large firms. Disc memory: 4096-word capacity. Broad input/output flexibility. Plugs into any convenient standard outlet. **LGP-30\* General-Purpose Computer** First—and most widely used—desk-sized, general-purpose digital computer. Performance-tested in scores of applications. An ideal student training aid. **RPC\*4000 Electronic Computing System** Versatile system consisting of completely transistorized RPC 4010 digital computer and RPC 4500 tape-type-writer system. Magnetic drum memory: 8008 words. Can solve problems in engineering design, data reduction, statistical analysis, and advanced systems design.

COMMERCIAL COMPUTER DIVISION

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?



## There'd be no question this one is best...

Both machines are much more than electric adders.

They can multiply. And even divide—without the need for reciprocals. And, of course, both also subtract.

In other words, each one is almost a calculator without being anywhere near an electric calculator in cost.

But which one is best?

Well, the REMINGTON 4, here on the left, is by far the most sought after. Its keyboard arrangement is considered the most modern. And it's faster than the fastest operator.

But some businessmen tend to prefer the REMINGTON 5...

## if it weren't for this one

The one on this side. Its keyboard is set up like a ledger page for easy accuracy. And it has *two* total bars, *two* add bars. Both increase speed. And, so does this...

Take a nice round number. Such as \$700,000.00. Touch the correct 7 key and all the 0's print themselves.

See then, the REMINGTON 4 and 5 are so different and so practical, who knows which is truly best in your case? Only you. So: when can you give us your verdict?

**Remington Rand** OFFICE MACHINES  
DIVISION OF SPERRY RAND CORPORATION

# TOP EXECUTIVES TELL NATION'S BUSINESS READERS: WHY NEXT YEAR LOOKS GOOD

Trends for sales, profits, employment, labor costs and other factors are weighed in new national survey

**BUSINESS LEADERS** are optimistic about prospects for the economy in the next 12 months, and even more confident that business will surge to new heights in the years beyond.

Their mood is reflected in replies to a new **NATION'S BUSINESS** survey of more than 230 top-ranking executives in a cross section of industries throughout the nation.

Six months ago many businessmen and economists were guarded in their forecasts of the business outlook. Some were openly predicting a recession. Now the picture has changed. Recent, more optimistic reappraisals of the outlook by economists seem to be confirmed by the expectations of decision-makers in business and industry.

The **NATION'S BUSINESS** survey discloses another interesting turn in the business mood—this one not quite in phase with some re-

ports you may be hearing. The survey indicates that most businessmen are more, not less, alarmed about Administration attitudes toward business and the trend toward increased spending and intervention by Washington.

Here are highlights from the survey:

- Sixty-one per cent of the executives look for general business conditions in the coming 12 months to improve over the past 12.
- Forty-nine per cent rate early tax-cutting action by Congress as "very important" to business growth. Thirty-eight per cent describe such action as "fairly important."
- Forty-three per cent say automation is having a significant impact on their planning for future manpower needs.
- Sixty-three per cent expect em-

ployment in their companies to remain at about present levels over the coming 12 months. Twenty-three per cent project increases.

► Fifty-four per cent say they do not plan to raise their prices; 21 per cent say their prices probably will go up. About 10 per cent expect price cuts.

Government interference in the economy and high taxes were cited by a majority as the biggest problem facing business today. Comments were often vehement, particularly where the individual asked not to be quoted by name. Other major problems listed include insufficient corporate earnings, upward pressure on wages, union power, the challenge of controlling costs, and the need for faster growth in the economy as a whole.

Comments of many businessmen suggest they feel they are in a

three-handed poker game in which the two other players, Government and Labor, are looking at each other's cards.

John A. North, board chairman of the Phoenix of Hartford Insurance Company, hit a characteristic note when he described the biggest problem facing business today as "the U. S. government's attitude toward business and the favoritism government has shown labor directly and indirectly."

"A better understanding of business problems must be instilled in administration and legislative leaders," says Robert B. Semple, president of Wyandotte Chemicals Corp.

More than half of the more than 230 executives replying to the survey are presidents of companies.

#### **The next 12 months**

Only two per cent of the business leaders predict a downturn and 37 per cent say they expect conditions to remain about the same. Sixty-one per cent forecast improvement.

These estimates are in striking contrast to answers given by many of the same executives in a NATION'S BUSINESS survey late last year. Then only 18 per cent said they anticipated an improvement in general business, 60 per cent predicted business activity would remain roughly static through 1963, and 22 per cent said a downturn was on the way. Now the outlook is different.

"We believe that the dollar volume of the nation's business will move gradually upward this year but that the rate of gain (1963 over 1962) will be only about half that which occurred last year," declares Maurice J. Warnock, president of Armstrong Cork Company.

"Indications are for a gradual improvement," says the vice president of a large trucking firm.

Some executives predict improvement, but only if major strikes are averted. Others link their prediction of rising business to the assumption that tax cuts will come this year. One company president who forecasts an upsurge adds that this will happen "in spite of, not because of, John F. Kennedy."

#### **Long-range outlook**

Seventy-nine per cent of the executives describe themselves as optimistic about the long-range outlook,

compared with the 61 per cent who predict a business uptrend over the next 12 months.

Only 11 per cent place themselves in the pessimistic category.

"The economy is bound to grow with the population explosion," observes Ross D. Siragusa, board chairman of the Admiral Corporation.

"Population increases, plus scientific advancement, should open up possibilities for tremendous expansion in the economy," says Charles F. Evans, Jr., general counsel and secretary of the Thatcher Glass Manufacturing Company, Inc., of New York.

"We will have business growth but it will not be enough to lick unemployment unless we lower the 52 per cent corporate tax rate materially," warns Richard N. Allen, secretary and controller of Central Soya Company, Fort Wayne, Ind.

Mr. Warnock calls the outlook for the last half of the 1960's bright and lists among the expected growth-generating factors of that period:

1. A sharply increased rate of family formations.
2. Increasing manufacturing productivity as a result of the accelerating pace of technological advance.
3. The introduction of more scientific marketing methods aimed at making advertising more effective and distribution more efficient.
4. The rising tide of new products and processes from research and development.
5. A rapid rate of product and process obsolescence.
6. Expanding world markets as standards of living increase in less developed nations.

Many business leaders who are sanguine about the years ahead advance the idea that the tide may be beginning to turn against the philosophy of big government.

"The public in general will awaken to governmental weakness and correct the present trend of antibusiness policies," says the general counsel for a petroleum company.

"Nothing is wrong with business, the people or the choice to grow except the incredibly dangerous attitudes and directions of the Administration," says another executive.

The president of a big utility in the West comments: "I continue to be optimistic about the vitality, determination and ingenuity of the American people and especially American businessmen. It now appears that the latter, at long last, are arousing themselves to the fact that the problems of preserving our republic are basic to the major problems of business."

Other businessmen, however, are less hopeful. A few, including presidents of several large companies, believe we are headed inexorably into a collectivistic state. "I see nothing in the trends to indicate any reversal of our drift—indeed our headlong plunge—toward socialism," one executive gloomily observes.

There is wide agreement that if the remaining years of the 1960's are to be prosperous, business growth must be spurred by removal of restrictive controls, investment-stifling taxation, and other obstacles.

#### **Importance of tax cuts**

Reductions in individual and corporate tax rates are given a high priority. However, many see a corresponding or even greater need for cutbacks in federal spending.

Only 10 per cent describe tax reductions as having no importance.

"Increased purchasing power and additional employment depend largely on a tax cut—especially for corporations," states T. B. Kimball, executive vice president of Sinclair Oil Corporation.

"Reduction in federal expenditures is just as important, and a must," asserts Wayne A. Johnston, president of the Illinois Central Railroad Company.

The president of a large West Coast retail chain warns: "Tax relief without reduction of government costs would be only a temporary benefit to the economy."

Charles L. Huston, Jr., president of Lukens Steel Company, says, "A heavy tax burden dampens investment because of the actual reduction of funds available and the suppression of incentives."

A prominent company economist—who asked not to be quoted by name—says he feels business will improve somewhat even without a tax cut but he adds that a reduction in taxes "will help keep business" (continued on page 79)

# WHAT BUSINESSMEN PREDICT

## SURVEY SHOWS:

**61%** look for general business to improve between now and mid-'64

**78%** expect their sales in next 12 months to top performance in past 12

**49%** consider tax cuts "very important" to business growth

**68%** believe administration policies are hurting business

**79%** are optimistic about long-range outlook for business

**63%** expect stable employment in their companies over 12 months ahead

**54%** do not plan to boost their prices

**36%** expect profit improvement in the next 12 months

## COMMENTS:



"General business will improve moderately over 1962."

**Charles L. Huston, Jr., President  
Lukens Steel Company**



"Early tax relief that is designed to strengthen incentive and stimulate investment will impart an enduring, positive influence . . . any program of tax relief should be accompanied by a substantial reduction in government expenditures."

**Maurice J. Warnock, President  
Armstrong Cork Company**



"A better understanding of business problems must be instilled in administration and legislative leaders."

**Robert B. Semple, President  
Wyandotte Chemicals Corp.**



"The long-range outlook depends on what government does . . . (we need) real statesmanship in government circles to stop inflation and to protect industry against excessive demands from union monopolies and against foreign competition."

**I. Melville Stein, President  
Leeds & Northrup Company**

# How to get most from growth

Expansion is wise only if it leads to better profits

Blend of expansion and cutbacks is Textron Inc. pattern under Chairman Rupert C. Thompson, Jr.

THE QUESTION of company expansion is suddenly taking on renewed importance.

The economy appears headed for a new surge, and many managers are faced with decisions involving future company growth.

In many instances, expansion is often the best way for an individual company to share in the nation's economic growth.

Every day brings reports of new expansion plans by companies in all parts of the country and in a wide variety of industries:

Houston Lighting and Power Company has budgeted capital outlays of \$43 million in 1963, up from \$29 million last year.

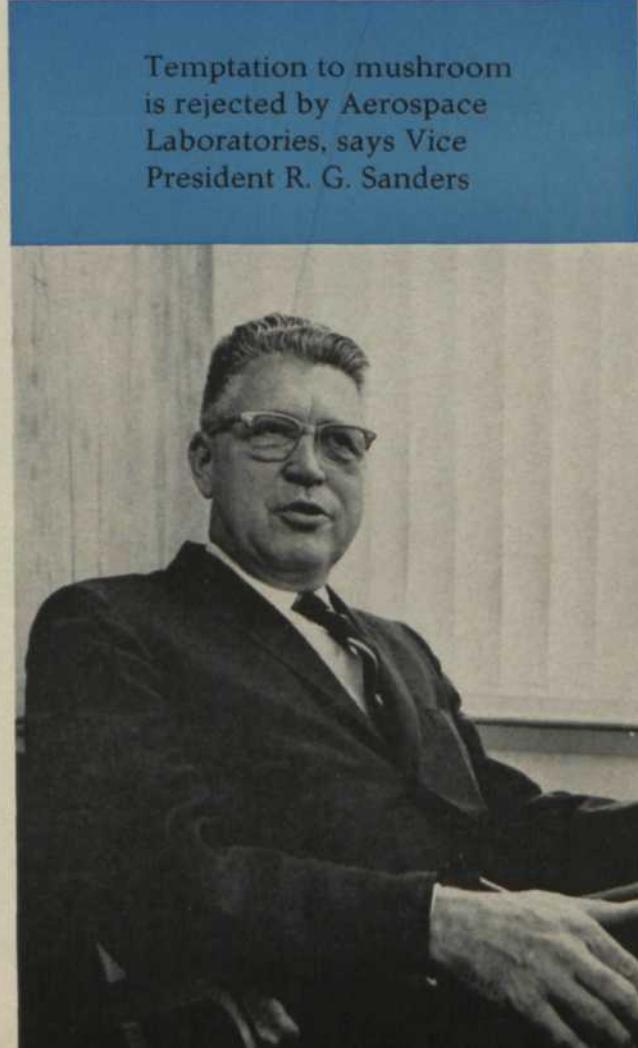
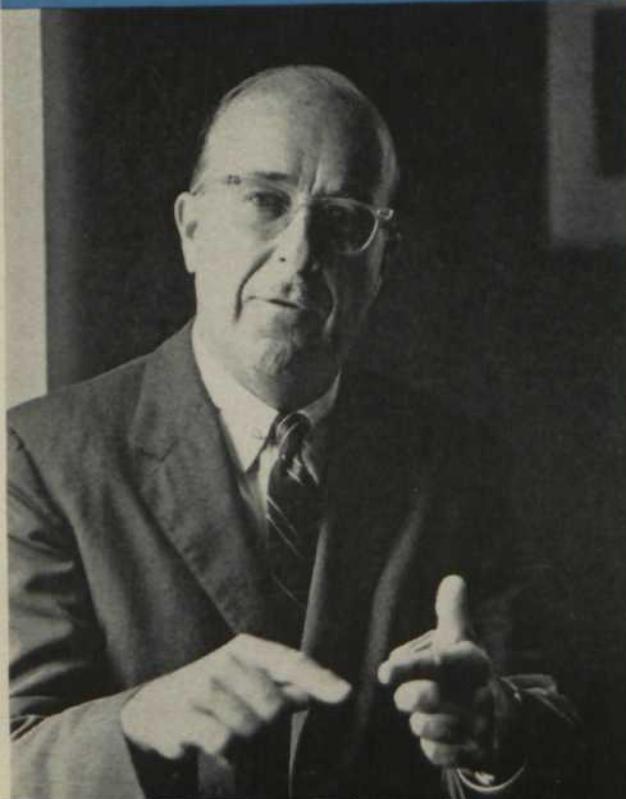
International Harvester is studying a new multi-million dollar truck manufacturing plant.

Beckman Instruments of Fullerton, Calif., is acquiring Sharp Laboratories, Inc., for slightly more than \$2 million.

Youngstown Sheet and Tube Company plans to start an \$80 million sheet mill as part of a \$250 million expansion program.

Smaller companies get less publicity for their growth plans, but they, too, are moving with new confidence to get in step with the giants.

Temptation to mushroom is rejected by Aerospace Laboratories, says Vice President R. G. Sanders



The factors in favor of expanding are clear:

- Larger sales offer the chance of more total profits.
- Greater size holds the promise of a firmer position in the industry.
- As size increases, it casts an over-all image of company success, and hence personal success for the managers.
- Finally, company growth adds up to national growth, making an economic environment in which the individual and the whole society are more likely to prosper.

These are valid reasons, closely linked to the motives that make men start businesses to begin with, and they deserve to weigh heavily on one side of the balance.

But there is another side to the question.

It is vitally important for the manager to weigh the contrary points, too, at this moment of decision. The individual company has to view its situation separately, and not only as part of a sweeping trend. Neither the company nor the economy will be helped by expansion that is done for the sake of growth alone if the greater profits and security don't go along with it.

The fact is, many businessmen suspect that the magic word growth does not always mean progress in terms of profit on invested capital. But some tend to be carried along by the times. This is particularly true of managers who are responsible to very vocal shareholders. If they seem to be less growth-minded than other company heads, they'll be criticized at the next annual meeting. It is hard, in those circumstances, to be objective about expansion.

There is nothing inherently wrong with expanding as fast as possible. At certain moments in the lives of many firms, that is the best possible course. But there is plenty of evidence that it is not the only track leading to success and that it must not be followed unwaveringly.

Talks with three companies that have taken decidedly unusual attitudes toward growth give a sharply focused picture of major alternatives to a policy of all-out expansion. In at least one of these cases, you may find a situation that duplicates your own—and possibly a hint of what to do or avoid.

#### **Small and rewarding**

Look first at a small company that frankly and firmly resists a great

*(continued on page 46)*

PHOTOS: IVAN MASSAR, LEO CHOPLIN, EDD KOENIG—BLACK STAR

Growth must be second to profit in opinion of  
Lewis S. List, president of Hoffman International



# STRIKE THREAT WILL DECLINE

Here's provocative analysis of long-range trend

A SIGNIFICANT CHANGE to be anticipated in the coming phase of union history is a decrease in the use of the strike. Strikes are likely to go out of fashion, but not without a final blaze of glory in connection with the reduced employment requirements of certain industries.

The issue of job security has been postponed for years by featherbedding provisions in union contracts which in effect provide for the employment of superfluous personnel. But such arrangements will be increasingly resisted by management, owing to competition and declining profits.

The employees who are exposed to displacement are likely to see the prospects as a life-or-death struggle in which no really suitable alternative to the status quo is available to them. They will therefore insist that generating profits and meeting competition are management's problems and not theirs, and that the attempt to make them pay for technological progress by sacrificing their security is an injustice that must be resisted to the last gasp.

Unless convincing and attractive alternatives are offered them, the

DR. SAUL W. GELLERMAN, the author, is an industrial psychologist. This article is condensed from his book, "Motivation and Productivity," which will be published this month by the American Management Association.



"The strike is basically an irrational weapon unless either a short strike or the mere threat of a strike is enough to terrify the opposition"

not-too-distant future is likely to witness a series of long, bitter strikes in many industries.

Even if this gloomy forecast for the near term proves to be accurate, strikes are likely to become less frequent and less important in the long run, chiefly because of the inefficiency of strikes as instruments for obtaining either union or managerial objectives.

It might be argued that strikes have always been inefficient and that this has not deterred people from resorting to them in the past. This is true, but the persistence of any form of profitless behavior is usually due to a certain emotional blindness to the fact that it is profitless, and this kind of impassioned thinking is likely to give way in time, if not to experience, to the more moderate opinions of younger men who have never experienced the privations that caused the blindness in the first place.

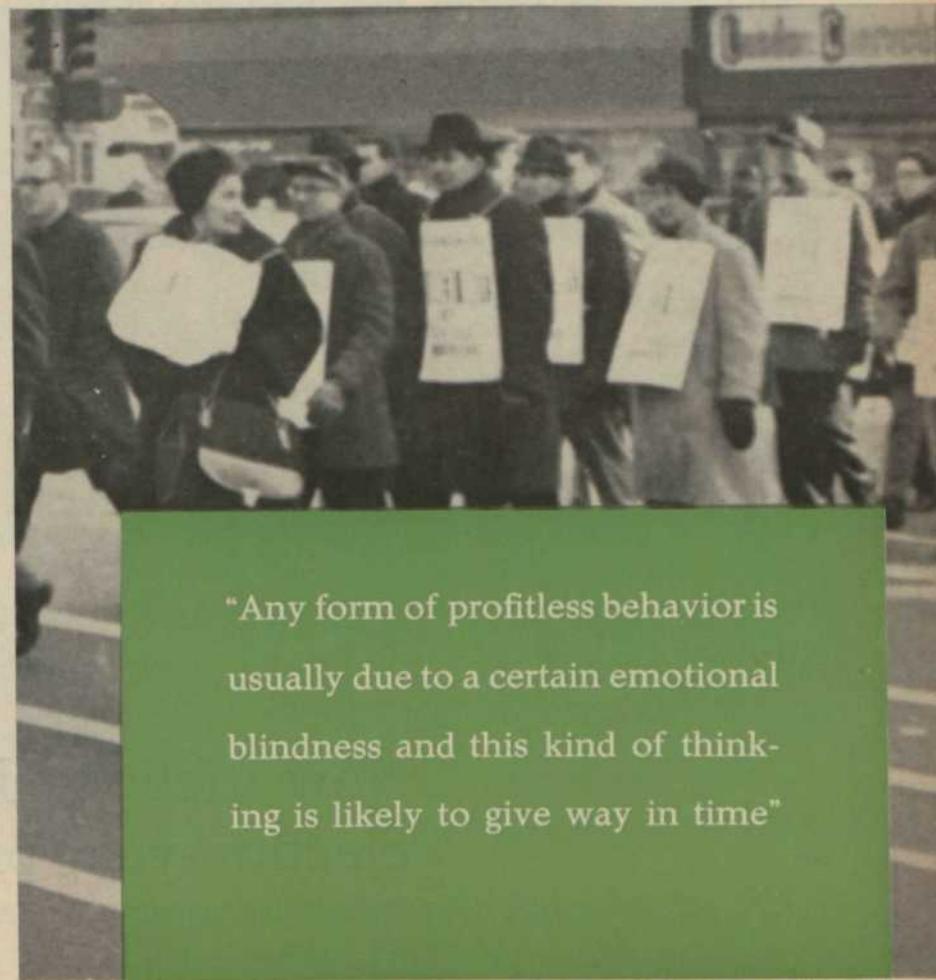
As the English say, the poacher has a way of turning into a gamekeeper in the long run.

It is increasingly apparent to men who have endured strikes that those which last a few weeks or more are quite likely to cost union members at least as much as they gain, even if their demands are ultimately met, and that they probably cost much more than they gain when such strikes are settled, as they usually are, by compromise.

The "gain" in long strikes, if there is any at all, is the purely psychological one of punishing a poorly regarded employer and flaunting the employees' unwillingness to be abused.

Such revenge motives cannot be discounted as a cause of strikes, particularly in companies with a history of many long ones. Still, it is not really a very common factor, and eventually it is likely to shrink as management grows more sophisticated in dealing with the underlying causes of antagonism.

The ability of a union to bring the operations of a company to a halt by means of a strike is its ultimate weapon and its principal source of bargaining strength. Indeed, it would have hardly any power position at all without at least the potential ability to call an effective strike.



**"Any form of profitless behavior is usually due to a certain emotional blindness and this kind of thinking is likely to give way in time"**

PHOTOS: UPI

Yet this weapon is unique in that it is just as dangerous to its wielder as to its victim. For the essence of a strike is that each side flirts with its own extinction on the assumption that it can stand the tension longer than the other.

The result is something like a contest between two water polo players to see which one can hold the other's head under the longest.

A strike is basically suicidal for both parties. Like suicide, however, a strike can serve a useful purpose if the mere threat of carrying it out compels other people to change their attitudes.

Just as many suicide attempts are artfully staged so that rescue is nearly inevitable, strikes are usually undertaken in hopes that they won't have to last long to be effective.

And, just as successful suicide attempts often result from a dreadful miscalculation rather than a

genuine wish for self-destruction, a prolonged strike often results from failure to estimate the other side's willingness to endure one.

The strike is, in other words, a basically irrational weapon, unless either a short strike or the mere threat of a strike is sufficient to terrify the opposition. The main function is to intimidate: to be brandished as an awful possibility, thereby (presumably) softening up the opposition and making it more willing to compromise.

Attempts to put the opposition into a psychologically disadvantageous position for negotiations are, in some industries, an almost standard feature of the bargaining process. This is one reason why so many labor-management disputes are not seriously negotiated until a strike deadline is approaching.

Despite the basically suicidal na-

*(continued on page 44)*

# CONGRESS AND KENNEDY- WHAT'S COMING

## New friction likely from election-year pressures

NEXT YEAR will bring a stepped-up campaign from the political left to overhaul Congress.

Frustrated by failure of some of President Kennedy's controversial programs to win enactment, self-styled liberals are already complaining that the will of the people is being thwarted by a small group of conservatives in Congress.

The obstructionist theory of Congress is being widely advanced. It has been accepted at face value by many political commentators and cartoonists.

The campaign to "do something" will get new urgency in 1964 as liberals push for election-year approval of such proposals as higher social security taxes to provide limited hospitalization benefits for some of the aged, and federal grants for schools.

The rules, structure and traditions of Congress are a conservative influence. The seniority system, for example, is a major target of reformers. Those who serve longest and reach positions of power are often conservatives from safe districts. In practice, however, presidential lobbying and pressures on behalf of Kennedy programs have again and again more than offset this conservative influence.

Mr. Kennedy's chief problem has not been to get his programs through roadblocks erected by com-

mittee chairmen or committees. Rather, it has been to win majority support for his programs among the entire body of lawmakers.

The voice of the people as heard in Congress often differs from that recorded in national opinion polls. The polls frequently give casual preferences as much weight as deep feeling. In contrast, Congress pays most heed to those who are strongly stirred. A congressman dreads those issues which arouse such strong feelings on both sides that whatever action he takes is sure to anger many voters.

Both the hospitalization and school programs fall into this category, not to mention civil rights.

President Kennedy's push for federal grants to help build public elementary and secondary schools and pay salaries of teachers has split those voters with strong reactions into four groups: those who oppose any version; those who oppose aid unless it is made available also for parochial schools; those who oppose aid if any is given to parochial schools; and, those who favor any version of aid.

For Congress this alignment translates into a voter consensus that there should be no aid for either public or parochial elementary or secondary schools.

As for the hospitalization proposal, during most of



GEORGE TAMES

## White House and congressional leaders plan future tactics

the Eighty-seventh Congress supporters insisted it was so popular with voters that it would be assured of House passage, if only it could be pried out of the House Ways and Means Committee over the opposition of Chairman Wilbur D. Mills.

This theory suffered a shattering blow last summer, when the bill was voted down, 52 to 48, by the Senate, which is more liberal than the House. The Kennedy Administration contends that the Senate today, as a result of the 1962 elections, would pass the bill; but hopes to win House passage first. Drive for enactment will come next year.

"If we can line up enough votes for it in the House, it will come out of committee," one Kennedy aide says. "If not, it will stay in committee. Rather than have it defeated in the House, it would be better to let the committee system be blamed."

The idea that Congress is constantly frustrating the popular will amuses those Kennedy aides who have the task of obtaining votes for his controversial programs.

They are only too aware of the widespread apathy with which voters have greeted many of the President's major programs.

"I have no reason to believe that Congress is not

being responsive to the public will," says one Kennedy lieutenant. "In fact, I'm not aware that there has been great public motion in any direction since we've come to office, except on Cuba. Medicare, of course, has been red-hot in the labor districts, but that doesn't give you a consensus."

A similar view is expressed privately by an influential member of the House Democratic Study Group, spearhead of the liberal bloc in the House.

"I think the root source of our problem is the closely split or uncertain attitude of the voters," this veteran lawmaker says. "Just what the voters want is not too clear."

However, many liberals find it inconceivable that the voters might not share their own enthusiasm for new programs. If these liberals did not have the seniority system to blame, they would be more inclined to attribute Congress' inaction to the President. Thus, the reform campaign has moderated liberal criticism of Mr. Kennedy's leadership.

The main objective of the liberals' drive for new congressional rules is to enhance Mr. Kennedy's power to force Congress to do his bidding. A few extremists even contend that the American system of government

(continued on page 74)

# *U.S. undercuts own job-making goal*

Water project points up conflict in policies

THE NEW FRONTIER, in its efforts to move ahead with vigor on many fronts, sometimes gives the impression that its left hand is unaware of what its right hand is doing.

A current example is arousing increasing attention in Congress and heated debate in two southeastern states.

The Department of the Interior wants to build a \$79 million federal dam at Trotters Shoals on the Savannah River, which forms the boundary between South Carolina and Georgia.

Opponents contend that the dam would prevent \$500 million in private industry from locating along the river, bringing with it jobs, payrolls and tax revenue vitally needed in an area which includes more than nine counties classified as depressed by the Area Redevelopment Administration.

Citing the proposed dam, Republican Rep. William H. Harsha of Ohio, a member of the House Committee on Public Works, says:

"One of the nation's most pressing problems is unemployment. More than four million persons are unemployed. The Administration wants to spend more money, establish more corps, build more public works, make more loans, establish more federal agencies, add to the federal payroll—all in the hope of cutting the unemployment rate. Everyone shares in that hope.

"But much of the New Frontier's program will not create lasting jobs because it ignores the basic process by which jobs are made. When the New Frontier pushes some programs, you wonder about the sincerity of its efforts to cut unemployment."

Trotters Shoals, which would stem the Savannah

River about 55 miles above Augusta, Ga., is part of an 11-dam plan approved by Congress in 1944 for federal development of the river. Two of the dams have been built. The Clark Hill dam and reservoir lie at the southern end of the disputed 29-mile stretch of river, Hartwell dam and reservoir at the northern end. The reservoir formed by Trotters Shoals would flood 24,000 acres to bridge the gap, creating a string of three lakes linked together by dams.

This remaining stretch of river between the two existing reservoirs is described as "the finest industrial area in the entire southeastern United States" by Charles E. Daniel, board chairman of the Daniel Construction Company, an international industrial contracting firm located in Greenville, S. C.

PHOTOS: PETER HUDSON



Economic value of adding to existing recreational facilities is questioned



Experts say area in dispute is suitable location for plants worth \$500 million

"We have located eight major sites here suitable for large processing plants, and behind these plants would grow up supporting plants," Mr. Daniel says. "This area is blessed with a tremendous amount of free-flowing water. One of the largest natural gas lines in America crosses it. Equally large liquid petroleum lines cross it. There are two railroads and truck and air transportation. More important, there are many thousands of people on both sides of the river who desperately need jobs."

"My firm has 47 industrial prospects that want to build new plants in the southeast. Every year it becomes more difficult to find sites such as this for plants which require a great amount of water. I confidently believe that we can have more than \$500 million worth of industry along this stretch of river and in the supporting areas within the next 10 to 15 years."

"But if the Trotters Shoals dam is built, it will knock out the possibility of the primary plants along the river and their satellite plants."

Gov. Donald S. Russell of South Carolina has spoken out in opposition to Trotters Shoals, and Georgia Gov. Carl E. Sanders says that he might alter his earlier approval of the dam if private development is an immediate probability. Congressional delegations from the two states are split.

In the light of growing opposition from the region involved and the apparent inconsistency with the Administration's professed aims of boosting employment and encouraging industrial development of depressed areas, why is the *(continued on page 83)*

GEORGIA

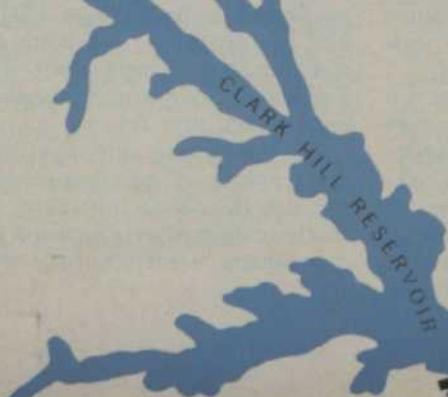
SOUTH CAROLINA

LEGEND

INDUSTRIAL SITES

PROPOSED RESERVOIR

Lake created by proposed Trotters Shoals dam would block development of eight prime industrial sites



CLARK HILL DAM

# A LOOK AHEAD

by the staff of the

## Farmers cutting costs

(Agriculture)

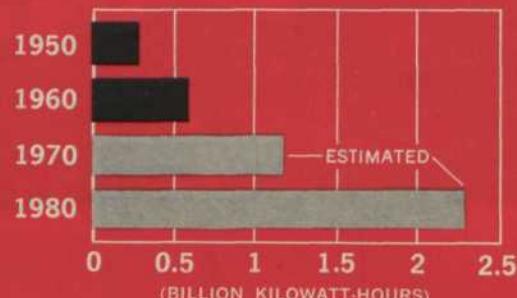
## New debt fight coming

(Government spending)

## Three bright trends

(Marketing)

Investor-owned electric companies boost output



Source: Edison Electric Institute

### AGRICULTURE

Current developments in agriculture will tend to accentuate efforts to counteract the squeeze of lower prices and higher production expenses by reducing the unit costs of producing farm products.

The wheat referendum is one manifestation of the trend to let market prices reflect supply-demand conditions—even at the risk of lower prices for products in great abundance. Legislative proposals to lower the support prices on cotton and dairy products are similar examples.

The producer's answer to continued rising cost rates of labor, machinery and taxes is to spend more money on those items that will yield the greatest returns, and less on such relatively high-cost, low-return inputs as hired labor.

The other area of attack against the profit squeeze is through vertical integration, contract farming and increased specialization of the on-farm operations.

### CONSTRUCTION

Major decisions on the future role of the Federal Housing Administration are needed.

Originally, the FHA was set up to broaden residential markets and thereby contribute to housing progress. The method used was a system of insurance, open to all housing borrowers and most lenders.

Over the years, there has been a

pronounced movement away from these sound concepts. Increasing numbers of special purpose programs have been set up to deal, not with the broad and general housing market, but with small and specific segments. Continuing relaxations of mortgage requirements have eroded the economic soundness of the insurance systems. Further evidences of the drift away from sound market practices are authority to waive the insurance premium, and operations at below-market interest rates.

Losses are already reported to be piling up in some FHA accounts.

### CREDIT & FINANCE

Although the House Banking and Currency Committee has worked hard at hearings, there still remains much to be done by Congress if financial institution bills of major importance are to be passed this session.

Thus far this year, Congress has repealed the Silver Purchase Act and increased the lending authority of the Export-Import Bank. The House Committee has held hearings on proposals to increase FDIC and FSLIC insurance; establish a Federal Banking Commission; create a Federal Deposit and Savings Insurance Board.

On the Senate side, the Banking and Currency Committee is waiting for the House to take final action on these and other proposals before it conducts hearings. Still waiting

in the wings are such proposals as: credit regulation bill; Federal Mutual Savings Bank System; underwriting of municipal bonds; national bank loan limits; service charges on dormant accounts.

### FOREIGN TRADE

In approving ratification of the 54-nation five-year International Coffee Agreement, the Senate limited participation by the United States to a two-year trial period.

The purpose of the agreement is to place a floor under coffee prices, thereby avoiding a further drop in coffee prices. It commits United States coffee importers to buy only from other countries that come in under the agreement. Major producing countries, in turn, have agreed to limit their exports to a quota that has been set for each country.

While the history of commodity agreements is not encouraging, the International Coffee Agreement could set a pattern for price stabilization measures for other raw materials, such as copper, tin, lead and zinc.

### GOVERNMENT SPENDING

Now that the Budget Bureau has closed its books for fiscal 1963, the \$500 million surplus forecast in the Budget Message has eroded to an \$8 billion deficit.

During heated debate in May, which resulted in another tempo-

# Chamber of Commerce of the United States

rary debt ceiling hike, congressional notice was served on the Administration that its fiscal policy will be thoroughly examined when it again comes to Congress next month for another large temporary increase in the debt ceiling.

The debates will provide Congress with ample opportunity to expound its views on the controversial planned deficit philosophy advanced by the Administration.

In this connection, the National Chamber has prepared a compilation of congressional views as to what constitutes sound fiscal policy for our federal government. Single copies of "Members of Congress View Fiscal Policy" are available without charge.

## LABOR

What goals is organized labor presently working to achieve? The principal publications of almost any national labor organization promote collective bargaining, but also emphasize other goals: support of major administration programs, such as their own interpretation of tax cuts and reform, health care legislation, broad federal aid to education in various forms, civil rights legislation, federal action respecting all kinds of unemployment, more regulation of business, more federal wage-fixing, and support for changes in labor law that will build power for organized labor.

The big labor organizations are taking a great interest in exporting American unionism abroad, and they complain that corporations are making too much profit and that certain corporation executives are paid too much.

In 1964, the unions will be emphasizing all these matters. They will critically analyze candidates for office, urging their members to vote for those who promise union support in all these matters and to defeat those who are not 100 per cent in the union corner.

## MARKETING

Results of three different studies give a promising look to the near-future marketing picture.

First, a National Industrial Conference Board survey shows that higher income families are taking on the appearance of a mass market.

This analysis estimates that seven million American families now have a yearly income in excess of \$10,000—almost three times the total 10 years ago.

Second, the Small Business Administration's annual report reveals these business gains in 1962:

Number of retail firms increased by 10 per cent to 2,022,000.

Number of wholesale firms was up 18 per cent to 326,000.

Number of service industry firms rose by 24 per cent to 917,000.

Third, the annual survey of American Express reveals that about 98 million Americans will spend close to \$26 billion on domestic vacation and travel this year. This would exceed last year's vacation outlay by \$1 billion.

## NATURAL RESOURCES

By 1970 the investor-owned electric companies expect almost to double their power-producing capability, from 137.7 million kilowatts in 1960 to 263.2 million kw a decade later.

By 1980 the companies anticipate generating capability of 492.6 million kw—over three and one half times the 1960 total and almost twice the 1970 capability.

To achieve these large increases, the electric companies plan to invest \$140 billion in new construction from the beginning of 1961 through 1980—about \$45 billion from 1962 through 1970 and over \$91 billion from the end of 1970 through 1980.

In the year 1980 it is expected that new construction expenditures will be at an annual rate of about \$12 billion, compared to \$3.3 billion spent in 1961.

These unprecedented expenditures will bring the companies' investment in electric plant, which amounted to \$48 billion in 1961, to an estimated \$88 billion by 1970. In the following 10 years forecasts indicate that electric plant investment will about double again, reaching \$168 billion by 1980.

## TAXATION

Congress seems to have discovered belatedly that a law passed last year may be destroying thousands of jobs. According to testimony of representatives of the restaurant and hotel industries the shotgun treatment adopted in an effort to wipe out what some factions considered lavish expense account living will destroy an estimated 140,000 jobs, force many restaurants to close their doors, and cost the taxpayer millions in the bargain.

The Revenue Code change was estimated to raise \$100 million but certain collateral estimates should be noted. Industry witnesses asserted that \$50 million will be lost in individual income tax revenues because of the 140,000 waiters, cooks, musicians and other personnel put out of work. In excess of \$30 million in business taxes will be lost to the Treasury, representing the tax on profits that will not be forthcoming. Finally, the unemployed will receive unemployment benefits and for this, the price in taxes is estimated at \$126 million.

More than a dozen bills have been introduced in Congress to alleviate, in varying degrees, the unnecessary hardship.

## TRANSPORTATION

Our U. S. flag merchant fleet, which carries our flag into all ports of the world, is in need of a boost.

In 1948, when our foreign trade totaled less than half of what it does now, 906 U. S. flag vessels carried 52.7 per cent of the total. In 1961, with our foreign trade more than doubled, 534 U. S. flag vessels carried 8.8 per cent of the total.

Another cause for concern is that 94 per cent of U. S. flag dry cargo tonnage is more than 15 years old and only three per cent less than five years old.

Our 15 subsidized shipping lines are replacing older ships with new, modern vessels at a rate of between 15 and 20 a year. But, even at this rate, block obsolescence of a large part of the merchant fleet will not be avoided.

More than replacement is necessary if our trade's to follow our flag.

## STRIKE THREAT

continued from page 37

ture of strikes, they cannot be dismissed as entirely irrational. For one thing, they sometimes work quite well as a means of achieving union goals, especially if management capitulates quickly before the cost to employees in terms of lost wages has become too severe. They work even better when the same results are achieved with the threat rather than the actuality.

However, an easy capitulation, even on a minor issue which is hardly worth a strike, may encourage the union to use similar tactics over even less consequential issues in the future.

To avoid being continually led to the brink of a work stoppage because of minor disputes, management may choose to make a stand, and endure a strike if necessary, in order to demonstrate its unwillingness to be intimidated. The union may then find to its surprise that it is saddled with a strike that it did not really want over issues hard to justify to its members.

The point is simply that even when it seems likely to achieve the goals of one side to a labor dispute, a strike can easily boomerang.

Sometimes a strike can serve as a valuable reconnaissance in which the intentions of the other side are

tested and are made clearer and more credible. For example, it can demonstrate the seriousness of a union demand to a previously skeptical management.

From the union's standpoint implanting respect for its ability to interpret employee needs and for its fighting strength may be well worth the cost of a strike. In effect, it may make future strikes unnecessary because the union's demands will seem more genuine and its threat will seem more convincing.

Similarly, a previously permissive management may sometimes have no other way of convincing a union that it intends to be firmer than by enduring a strike, thereby compelling the union to endure its penalties as well. If the strike persuades the union that it must moderate its tactics in the future, it may be well worth its cost to management.

Granted, then, that a strike can serve some useful purpose for either side. But all too often a strike occurs unintentionally or for irrational reasons to which the parties, being human, cannot readily admit, and in either of these two cases they are likely to justify the predicament in which they find themselves by inventing plausible reasons for them—plausible, at least, to themselves.

To be caught in a position where one has to flirt with suicide or ac-

cept humiliation is itself a humiliating experience. The choice will nearly always be to accept a strike, since to abandon one's bargaining position chiefly to avoid a strike might seem like a fatal weakness in either side's armor, exposing it to domination by the other side.

But it must surely be a bitter, infuriating experience to discover after attempting to bargain for some positive goal that one has actually been trapped between two highly undesirable alternatives.

In all probability only a minority of strikes are deliberately planned, and then usually in hopes that the other side cannot possibly endure for long.

Yet once the die has been cast, it makes little difference how it happened or which side blundered the most. No matter how chagrined each side may feel, the overriding issue is now to preserve the credibility of one's bargaining power. The opposition must not be given any reason for hoping that one can be intimidated. In effect, then, a strike becomes its own basic issue; a mutual demonstration of indomitability supersedes the original causes of disagreement.

Once a strike begins, a great deal more than the unresolved issues of the bargaining process is at stake. There are also the unbargainable intangibles of pride, enmity, and an outraged sense of justice.

It is precisely to avoid such psychological barriers to negotiation that cooling-off periods are invoked, and it is for the same reason that mediators try at all costs to keep the two parties talking rather than brooding and plotting by themselves. If a strike is not settled quickly enough, it will begin to feed on itself, generating hatred, until at last what justifies its continuation is not the issues over which it was called but the villainy of the other side.

Despite the traditional antipathy of both unions and management to arbitration, it is probably looked upon by both parties to a protracted strike as a face-saving way out of a dilemma that neither can afford to solve by compromising its stand.

Saving face—in this instance, preserving at least the formal credibility of one's bargaining power—is the main underlying reason for most prolonged strikes, and it is much easier to save face by acceding to the suggestions of some neutral party than to accept the same terms because the opposition has been insisting on them since the strike began.

END

## Watch for:

### 12 new guides help you plan

Business, university, and government experts are now providing more and better economic intelligence which you can use to improve your company's opportunities. Here's where you can get these new tools.

### Think things through

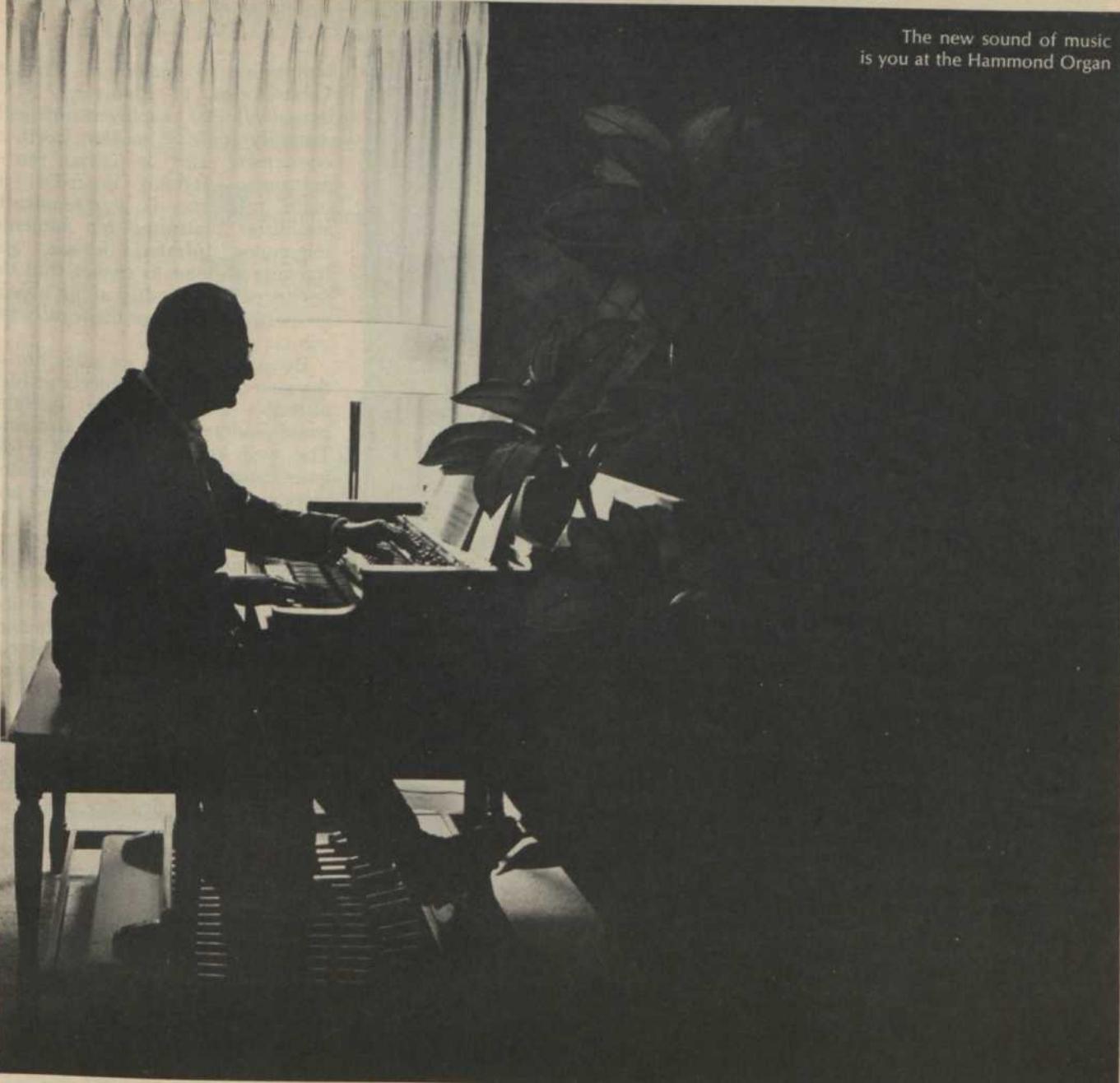
Decisions that look good at first may turn sour in the long run, management authorities warn. They offer suggestions which will help you judge whether you can get the results you want from your planning.

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As to your investment for this great adventure, it can range from about \$1000 to more than \$4000. And . . . you can arrange a 30 day home trial of any model you want, with lessons and music included. So mail our coupon now, and start limbering up your fingers.

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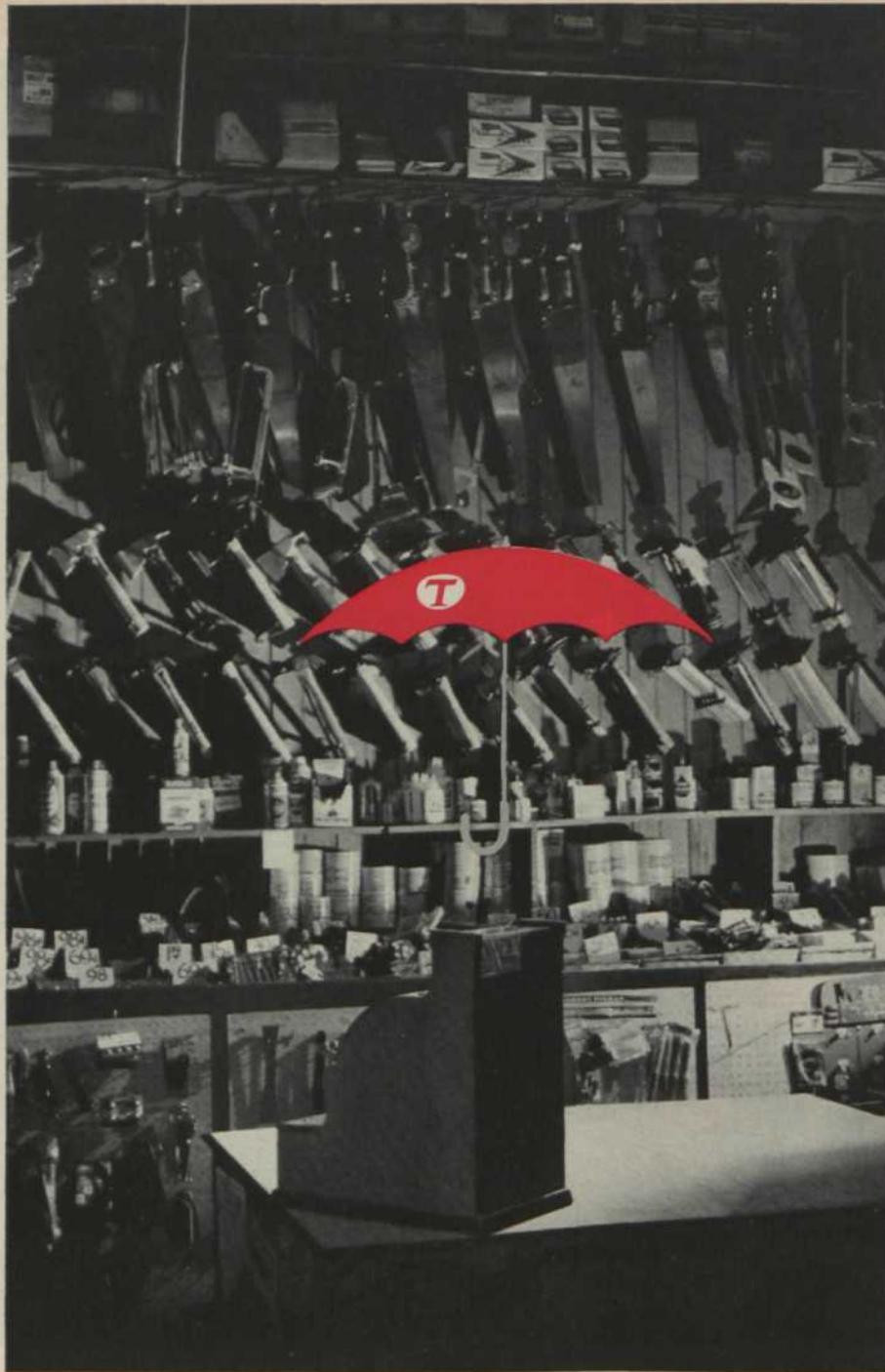
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NBT-65



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**The TRAVELERS INSURANCE Companies**

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## GROWTH

*continued from page 35*

temptation to mushroom. Aeroflex Laboratories, of Plainview, N.Y., has about 220 employees and sells annually some \$5 million worth of equipment used in aerial reconnaissance. Aeroflex describes its main products as gyroscopically stabilized platforms for cameras, telescopes, infrared devices, and tracking systems to ensure that the device points steadily at its object, no matter how fast or unsteadily the vehicle is moving.

Because most of its sales are to the government for projects at high altitudes and in space, Aeroflex could obviously grow at a fast rate. The well known pattern of a defense contractor accepting more and more government research work and then advertising continually for more engineers is an inviting one for any such company to emulate.

Aeroflex, instead, has rejected it.

The rejection is based on a firm conviction that more satisfactory profits can be made in the long run by running a tight ship, by keeping the organization at manageable proportions.

"Within the confines of ethical profit ratios, we want to earn all the profits possible," says Revere G. Sanders, Aeroflex vice president. "We know companies that are willing to settle for two or three per cent net profit. They may have their own reasons for that. But if we earn 10 per cent on a \$5 million volume, we prefer that to earning two per cent on a huge sales figure."

The growth temptation that besets Aeroflex comes not only from outside, but also from within.

"Give any sales engineer just a hint that more business is in the offing, and he'll build a castle of new projects and new equipment," says a corporate officer. "That's part of his job, and he has to try to put his enthusiasm across to management. Our job is to let the castles go up only when they can be built to last."

Aeroflex is not against expansion. It has grown some each year and intends to keep growing. This is incidental, however, to its interest in the final net figure on the profit-and-loss statement.

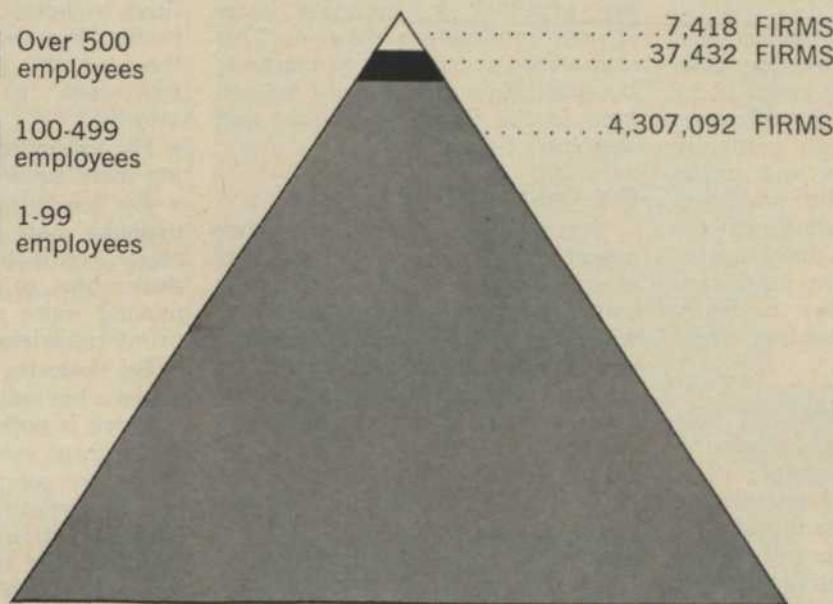
But why can't that figure be increased by expanding? Why can't volume grow rapidly without hurting the profit rate?

"Lots of firms fool themselves into thinking it can be done. We don't think so in our kind of business,"

# THE BUSINESS MARKET

ANALYSIS BY EMPLOYEE SIZE

- Over 500 employees
- 100-499 employees
- 1-99 employees



SOURCE: U.S. Department of Commerce

## DEPTH

The business market is shaped like a pyramid. At the top, few in number, but enormous in size, the giant corporations: "big business." In the base, the multitudes of growing, expanding firms employing fewer than 500 people. There are 4,307,092 of the latter... 99% of the total market. If you sell to business and industry, you can't afford to overlook the giants. But it's clear that there is much more to the business market than these 7,418 companies. It's the vast number of smaller firms that make up the major portion of your market, hold the best hope for profitable sales growth. NATION'S BUSINESS 750,000-plus audience is pyramided in much the same way. With 26,000 executives in the 500 largest corporations, plus selective coverage of the presidents, owners, partners in more than 500,000 other companies, you get coverage in depth of the whole business market... when you advertise in NATION'S BUSINESS.

Nation's Business  
A USEFUL LOOK AHEAD  
APRIL 1963

**TAXES &  
SPENDING:**  
**WHO, WHAT, WHY, WHERE, HOW**

Here's where you can sell abroad PAGE 76  
Labor experts urge new policies PAGE 88  
States blunt federal grab for cities PAGE 100  
These trends will change your job PAGE 116

## GROWTH

continued

says Col. John R. Martin, company president.

"We think good management starts with strong direction from the top. As soon as it starts being done by committee, the effectiveness declines. You can gradually build good managers and create well-run expansion. But when you try to do it by upgrading men too fast—or by bringing in outside managers and putting them in charge of operations before they are really part of the team—the machine starts to creak at the joints."

### Medium and rebounding

Hoffman International Corporation is a striking example of a company that doubled its sales in the space of three years and now is consciously going the other way—reducing its volume in the interest of earning more money.

Hoffman is primarily a maker of dry-cleaning and garment-pressing equipment.

A few years ago Hoffman moved to expand its long-established trade by selling more "package" cleaning plants. In this highly competitive field, with many other companies in the same market, credit facilities had to be made as easy as possible. The company arranged with financial institutions to finance customers' indebtedness, and promised that Hoffman International would stand behind the loans.

By doing this, Hoffman pushed its gross sales up to more than \$14 million in 1962—from just half that much in 1960. Gross profits rose satisfactorily as well. But by the close of the year it was becoming apparent that paper profits can be very different from hard cash. Too much of the customer indebtedness was in default, and sound accounting procedures required setting aside more than \$7 million of reserves against potential loss. A year of record sales became a move from the black into the red.

Acting with sharp decisiveness, the Hoffman management sold some of the firm's divisions profitably for a substantial amount of cash to improve the working capital position. Next, according to Comptroller Sidney Wasser, it turned to tightening its credit, upgrading its risks.

"Of course this is going to cut our sales down substantially," says Mr. Wasser, "but it will raise our profits, and that's what counts."

Here again, as in the case of

Aeroflex, the company is putting growth second to profit.

President Lewis S. List predicts that despite the sale of some U.S. divisions, "the European operations are expected to maintain their steady, profitable expansion. This expansion is expected to continue because our companies are located both in the Common Market and the Outer Seven."

### Big and reshuffling

Textron Inc., offers still another aspect of the many-faceted question of company growth. Here is a major company with 25 divisions in widely diversified fields, making power saws and eyeglass frames, rolling mills and marine motors, generators and cooking ware, rocket engines and scores of other products.

Here, at first glance, is a company that seems to be all-out for expansion.

Yet the true Textron picture is a curious blend of expansion in some areas and sharp cutbacks in others—all in the interest of solid profitability.

Ten years ago Textron was solely in the textile business. But the Providence, R.I., firm decided that it could not earn an adequate return in that line alone. It began to diversify. By 1962, when its sales reached \$550 million, textiles represented only 13 per cent of the total. But still that unit of the business was not bringing a profit rate that satisfied top management, so early this year it was sold for \$45 million. The corporation that had been only in textiles is now out of that line entirely.

Even more indicative of Textron's selective approach to expansion and contraction is its handling of a division it took over in mid-1961. When Textron acquired Spencer Kellogg and Sons, that company had annual sales of \$115 million, yet was netting only \$1 million. The reason for this low return was that much of the volume was in the soybean-crushing line, requiring a huge amount of equipment, space and capital to generate a small amount of profit. Being disinterested in fancy figures on total volume, Textron sold off this soybean operation, shrunk Spencer Kellogg to a much smaller sales figure, emphasized research to improve the remaining operations—and now realizes substantially more net return on a much lower capital investment.

These three examples—which span the range from small business,

through medium size, to large corporation—outline sharply the reasons why companies find that growth does not always equal profits. These case histories show why it is sometimes a choice between growth and profits. For the examples spotlight three of the principal ways that companies go about achieving growth:

- By expanding the lay-out, adding more square feet, more people.
- By loosening policies in order to make more sales, whether it be easier credit terms, less exclusive dealerships, or any other method of moving more merchandise as the prime consideration.
- By lowering profit margins to achieve big volume.

There is nothing wrong with any of the three methods in themselves. There are companies, in fact, that lose opportunities by going to the opposite extreme and keeping their facilities too small, their policies too tight, their margins too high. It is a matter of degree—and the degree must be determined separately for each company and each industry.

But it is important to recognize that company progress based on expansion can be as much a delusion as the progress of an army that is spreading itself too thin and moving too far from its supply and control center. Its efficiency may be declining sharply even though the moving pins on a wall map look impressive.

### The why of growth

The question of expansion turns, in the final analysis, on the basic goals of a company.

The desirability of company growth at this time can be determined by pondering these questions:

1. Is this the time to expand?
2. How much do we have to invest to get additional growth?
3. What do we gain by expanding now? What might we lose?
4. Is there a risk in not expanding, risk of being overrun by growing competitors?
5. How much risk are we willing to take for the sake of this expansion?
6. Is this a permanent kind of expansion? If not, are we prepared to face the cutback when it comes?
7. Are there other, more satisfactory alternatives to profit improvement?

It is worth noting that not only company goals, but also the personal goals of the managers are

(continued on page 53)

(Advertisement)

## Can Automation Make Your Typists More Useful?

Yes! The creation of basic business documents on *automated* equipment will greatly increase the productivity of *every* member of your office staff: typists, inventory control clerks, billing staffs, etc. *And the machines to do this work, can be operated by any competent office girl, with only a few hours' instruction.*

No longer do large staffs write down, add up, figure out, and do over. Instead, your present staff, working with *basic* automation equipment, captures all necessary business data in punched tape or edge-punched cards. The tape or cards, when fed into other machines (or back into the *same* machine that created them), type letters, compute invoices, write sales and purchase orders, figure payrolls, keep inventory records, and prepare a variety of other business documents. All with surprising speed; all error-free.

A constant number of office workers can handle a growing volume of work. Work that once took days to get out now takes only hours to do. Work that once kept five girls frantically busy now keeps three girls occupied—without the strain often present with non-automated procedures.

*The quality of paperwork soars, because what the machines do automatically, the operator can't do wrong!*

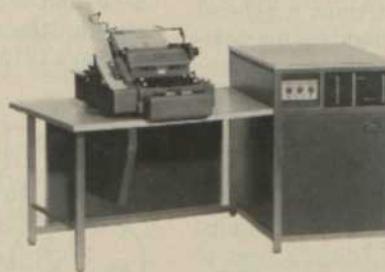
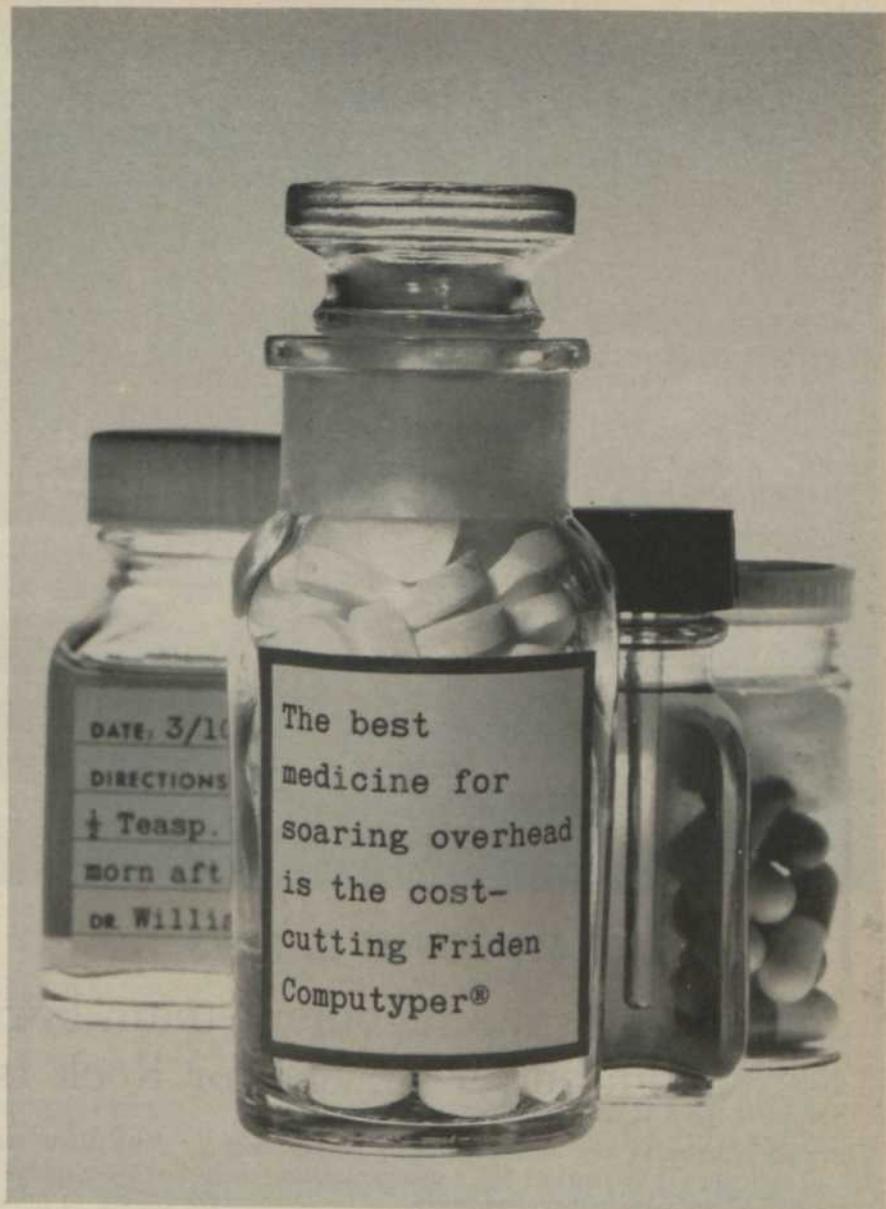
Automated data handling means fewer procedures—for old workers to remember, for new workers to forget, and for management to control and supervise. Since these machines are simple to understand and easy to operate, there is no problem of breaking in personnel.

This is efficient, *practical* automation in the areas that need it the most: typing, billing, inventory control, sales, purchasing, and inter-office communications.

And, basic automation is *low-cost*. In terms of one worker's annual wage, it is downright inexpensive.

For the full story on basic automation, call your local Friden Systems man. He will be glad to discuss office automation with you and your management staff. Or write: Friden, Inc., Dept. NB, San Leandro, California.

Ask for a free copy of our booklet: "Some Basic Facts About Basic Automation."



We know what ails many businesses: *the high cost of paperwork.*

The high cost of typing and figuring invoices, purchase orders, sales orders, statements, and similar work.

We know the cure, too: The Friden Computypewriter, the *automatic* typing and figuring machine.

The Computypewriter reads data from punched paper tapes, edge-punched cards, or tab cards. Simultaneously it turns this data into complete invoices, purchase orders, or other similar documents. Almost everything is done *automatically*.

The Computypewriter does more. While it types and computes an invoice, it creates a by-product punched tape that in turn prepares an accounts receivable register. While the Computypewriter writes purchase orders, it creates a by-product punched tape that will prepare an accounts payable report. While the Computypewriter automates one office function, its by-product tapes automate others.

That's how to cut costs. Easily. Permanently. The Computypewriter is inexpensive to own, easy to operate.

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# Friden

*Sales, Service and Instruction Throughout the U.S. and World*



**ON MONDAY, JUNE 3, 1963...**

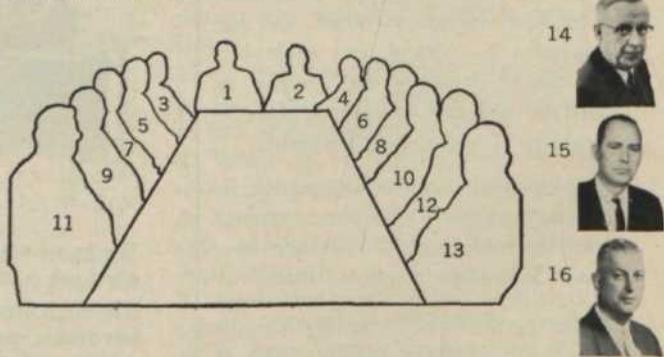
a new sales management team began working toward even better service for Rock Island shippers

There's a progressive new sales philosophy on the Rock Island railroad. It is marked by a reorganization and expansion of the sales management team.

For example, there is now, for the first time, a general sales manager (many railroads do not recognize this position). Under him, there are two new freight sales managers—for broader customer service. There's a newly-appointed manager of sales planning to research customer wants and needs and the best ways to fulfill them; a manager of TOFC (trailer on flat car) to increase the ability of the Rock Island's rapidly expanding piggyback division to serve the public; a manager of special equipment to insure effective use of the Rock Island's fleet of thousands of specialized cars; and a director of sales training and management development to make sure there is a continuous infusion of young, able blood into the sales department, as well as to provide periodic refresher courses.

"We expect these changes to result in constantly improving service to shippers," says Elden A. Tharp, Rock Island traffic vice president. "Our men must be specialists in solving shippers' problems—whether special routings, new rates, use of specialized equipment, or the development of market opportunities."

Adds Rock Island president R. Ellis Johnson, "This is another phase of the Rock Island railroad's ceaseless efforts to provide the best transportation system available, and is further evidence that we are living up to our slogan, 'the railroad of planned progress...geared to the nation's future.'"



Here's the key to Rock Island's new sales management team. We hope you will get acquainted with these men. They are at your service.

1. R. Ellis Johnson, president
2. Elden A. Tharp, vice president, traffic
3. Albert F. Hatcher, asst. vice president, traffic
4. Alton J. Ferrell, gen. sales mgr.
5. Henry J. Koukal, psgr. traffic mgr.
6. Norman L. Schultz, frt. traffic mgr.
7. Ralph M. Lang, asst. to vp, traffic
8. J. Otis Cathey, frt. sales mgr., on-line agencies
9. Charles R. Sheets, asst. frt. traffic mgr.
10. Fred J. Meyer, dir. sales trng. and mgmnt. devel.
11. Donald C. Hansen, mgr. TOFC traffic
12. David L. Waite, mgr. spec. equipment
13. Allen W. Brown, mgr. sales planning
14. Walter C. Carlson, gen. frt. traffic mgr., rates and divisions\*
15. David F. Newberry, frt. sales mgr., off-line agencies\*
16. Philip J. Schmidt, mgr. industrial devel.\*

\*Not present for group photo



**ROCK ISLAND LINES**

The railroad of planned progress  
...geared to the nation's future

Chicago 5

# PERSONAL OUTLOOK

## Three ingredients for getting to the top

**There's no easy road** to the top for most of us.

"Luck, personality, playing politics and marrying the boss's daughter have been overplayed as stairways to success for the average man on the way up," says Dr. Joseph D. Cooper, management consultant.

"Nor is hard work in itself the big key to success," adds Dr. Cooper, who is writing a book on how to get to the top. He recently wrote one on how to get more done in less time.

What counts, according to Dr. Cooper, is how you channel your hard work. He lists three main ingredients for success:

1. Have clear goals and supporting plans to reach them. This forces you to think ahead.
2. Build a desired image of capability in the eyes of others. What's most important when you're being considered for promotion is not how you see yourself, but how others view you, rightly or wrongly.
3. Your advancement up the ladder should be a natural product of planning and building your image. As you rise, you must take new inventories of your capabilities and self-development needs. You may need to make adjustments. People must see you adapt gracefully so that they take your growth as confirmation of their faith in you.

## Tax men eye clubs

**Your country club** expenses may go up or down, depending on the outcome of activities and discussions at Internal Revenue.

IRS is tightening up on compliance by tax-

exempt social organizations, and your club may lose its exempt status if it caters to outside groups on a regular basis. Taxing the club's income could create a financial crisis, lead to a dues increase or assessment.

The Club Manager's Association got an understanding from IRS that use of the club for an outside party by a club member who picks up the whole tab himself is not inconsistent with the club's purposes, and would not undermine its exempt status.

You may get a tax saving if IRS goes along with a suggestion that all charges under \$25 be exempt from the 20 per cent excise tax. This would reduce the cost of locker rental, golf club storage and other services now taxed.

## Get enough sleep?

**As an executive** you need just about the same amount of sleep as anyone else, although the need does vary from one individual to another.

How much do you need? Unless you are exceptional, you can't work your best with less than six hours.

For each hour up to six, your efficiency at the office the next day will increase greatly, according to Dr. Nathaniel Kleitman of Santa Monica, Calif.

Another hour or two will boost the average person's efficiency a little more, tests show, but any sleep beyond eight hours won't improve it much, if at all.

The executive's problem, says Dr. Kleitman, is really how to get to sleep. Many executives suffer insomnia because they are creative, bear heavy responsibilities, and often take office problems home with them.

If you have difficulty getting to sleep, he

suggests that you try taking an emotional rest for two hours before bedtime.

Shut out creative thinking. Read, watch TV, or get into nonstimulating discussion.

## Vacation tips

**IRS notes** that losses from thefts, which may occur in your home, car or hotel room, while vacationing, are deductible for income tax purposes. Also, generally, state taxes on gasoline.

Thinking about trying skin-diving? Before you do, the American Red Cross warns that, among other things, you should be able to pass five tests: Swim 300 yards, tread water for three minutes, tow an inert swimmer 40 yards, stay afloat 15 minutes, and swim under water 15 yards.

## Driving in Europe

**Will you be driving** in Europe this summer? If you plan to, and will be driving for 25 days or longer, you can save money by leasing instead of renting a car or getting into a guaranteed repurchase plan.

You pay only depreciation costs, which come to less than rental for long-term use, and you get to drive a brand new car for an unlimited number of miles at no extra cost except for gas.

The advantage over a repurchase plan is that you don't have to put up the purchase price to start with.

Take a Simca. Hans G. Baumann, manager of AAA's International Travel Department, figures your saving this way on a 40-day trip, assuming you will drive 100 kilometers (62 miles) a day:

Rental would cost you \$378-\$198 basic rental rate at \$4.95 a day and \$180 for the

4,000 kilometers driven at 4.5 cents per kilometer. Leasing would cost a flat \$316 depreciation, and you could drive as many miles as you wished.

In either case, you pay for your own gas.

Insurance coverage is the same either way—collision, public liability, fire and theft. But under leasing you pay only the first \$50 of collision damages. On a rental plan, you pay the first \$100 of collision damages and also of losses due to fire and theft.

## When in Rome...

**From time to time** Personal Outlook tells you about some good but little-known places off the beaten path of tourists where you can enjoy a good meal and maybe entertain on your travels. We get the information from Americans who have been to the places and recommend them, and pass it along for your consideration.

In Rome, a good restaurant is Angelino's in Piazza Margana, near Via delle Botteghe Oscure. Not far from Piazza Venezia, it has good music and food, not too expensive.

La Sacrestia, in what used to be a small church, is just being discovered off the Piazza of the Pantheon. There's music with your dinner, and a mind reader who answers questions you've written on a folded piece of paper.

If you're looking for the best spaghetti, those who've been there say Al Moro, near Galleria Colonna, has it. The specialty is spaghetti al moro—raw eggs are dropped into a dish of steaming spaghetti and stirred.

In Istanbul, a five-mile drive or taxi ride will get you to Bogazici on the Bosphorus.

There you can enjoy cocktails by the water, move inside for excellent food and dancing. Described as very lovely, fairly expensive.

## GROWTH

continued from page 48

involved. Ideally, the two should be identical, but there are cases of publicly held companies where they may diverge.

Assume that an individual has created a small chain of drug stores. By the time the fifth or sixth store has been established, the group may have become as large as it ought to be, from the standpoint of the owner's pocketbook. Aside from any ambition he may have to expand for the sake of prestige, new stores may represent more investment, strain and risk than the monetary return is worth.

But suppose this same chain has sold part of its shares to the public? The value of the founder's equity in the business will then depend on the public's estimate of the enterprise. He must still think in terms of profits, for that will be the public's ultimate yardstick, too. But, in this instance, he may also benefit from the sheer momentum of growth. Investors probably prefer to see more stores going up and more total income being created—even if the rate of return falls a little. In this case, if the founder is disinclined to take on the management of more stores, he will be out of line with the wishes of the other owners.

Growth can take many forms. The three kinds discussed earlier in this article all have their uses at certain times. They are not, however, the only ways for a company to progress. Growth that results from new product research, for example, is painstaking, but often carries greater rewards than does quick expansion. Growth that is forced on the company by an already expanding market is almost unfailingly healthy. Whenever progress can be based on more efficient use of existing facilities, it takes priority over any other form of growth.

The art of the manager is in surveying all these possibilities, selecting the ones that fit his image of what the company ought to be, and setting them in motion whenever the odds are solidly favorable.

—CHARLES A. CERAMI

**REPRINTS** of "How to Get Most from Growth" may be obtained for 30 cents a copy, \$14 per 100, or \$120 per 1,000 postpaid from *Nation's Business*, 1615 H St. N.W., Washington 6, D.C. Please enclose remittance with order.

# Why is the Far West Growing Twice as Fast?



### Population Growth

	1950-60	1960-75*
11 Western States	37.5%	43.5%
All Other States	14.6%	19.5%

\*Projections by Stanford Research Institute

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## **THEN BOUGHT THREE JUST LIKE IT"**

"Dodge gave us a Perkins-powered medium-tonnage demonstrator to try out. We used it for 11,200 miles in stop-and-go freight pickup and delivery service. Then we ordered three Dodges just like it. Why? Because the Dodge-Perkins gave us 12.3 miles to a gallon where a gasoline job on the same route, doing the same kind of work, gave us 6.7 miles to a gallon. And remember, diesel fuel often costs less. More

than that, with the Dodge-Perkins we didn't have any ignition and carburetor trouble, or periodic tune-up expenses." **Wooleyhan Transport Co., Wilmington, Delaware.** There are four Dodge-Perkins medium-tonnage diesels designed for substantial savings in city pickup and delivery service. Two are conventional, two are of cab forward design with a BBC of 89 $\frac{3}{4}$ ". GVWs range from 15,000 lbs. to 22,000 lbs., GCWs from

34,000 lbs. to 36,000 lbs. in both styles. Just recently the Perkins engine had its gross horsepower increased to 131, its gross torque to 284 lbs./ft. All four offer you a choice of single- or 2-speed axle, 4- or 5-speed transmission. And, like every other Job-Rated Dodge truck, they are priced lower than most of the competition, right in line with the rest. Your Dodge truck dealer has a new finance plan to tell you about, too.

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# Nation's Business symposium explores Management in the future

AMERICAN BUSINESS is heading into a make or break era in which the free enterprise system will face its greatest test.

That's the assessment of seven leading management thinkers who participated in a symposium sponsored by **NATION'S BUSINESS**. Four articles digesting the afternoon-long symposium begin on page 57.

The future these men foresee is one of both bright and bleak potentialities.

Competition in the next 10 to 15 years, they agree, will build sharply, with the fate of American companies riding not only on their performance in domestic markets but increasingly on their ability to fight for sales against able, fast-moving foreign competitors.

They expect the already narrowing margin for error in management decision-making to shrink even more, while demands for high-quality work will rise correspondingly.

They foresee a growing need for innovation by U.S. companies and tell why they believe it is an absolute necessity for American businessmen to take their case for the competitive enterprise economy to the people of this country and the world.

They predict an intensifying struggle for the removal of government-imposed barriers to business growth.

These are but a few of the highlights from the symposium.

At the invitation of **NATION'S BUSINESS**, the symposium was moderated by Dean Courtney C. Brown of the Columbia University

Turn page for opening  
of four-part symposium



Graduate School of Business. Dean Brown, an experienced panel moderator, worked in part with questions supplied by the editors of **NATION'S BUSINESS**.

Other participants were Dause L. Bibby, president of the Remington Rand Division of Sperry Rand Corporation; John Burns, a former president of the Radio Corporation of America; Ray R. Eppert, president of Burroughs Corp.; Albrecht M. Lederer, of New York, management consultant and current president of the International Committee of Scientific Management (known by its French initials, CIOS); Dr. H. B. Maynard, president of the Maynard Research Council, a business advisory group, and David Rockefeller, president of the Chase Manhattan Bank.

Four of the participants are members of the advisory board for the Thirteenth Triennial International Management Congress, which will be held in New York City this September under the auspices of CIOS and its American member organization, the Council for International Progress in Management. CIPM assisted **NATION'S BUSINESS** in setting up the symposium.

The first phase of the symposium—dealing with future business competition—begins on the facing page.

Panelists met in suite of a New York City hotel. Their comments were transcribed by stenotypist, who is at far left. Others, reading clockwise, are Messrs. Bibby, Brown, Burns, Lederer, Maynard, Rockefeller, and Eppert

PHOTOS: GUY GILLETTE





David Rockefeller, left, listens as Burroughs president Eppert emphasizes the impact of new product research

Nation's Business  
symposium

Management  
in the future

# 1. Why competition will be tougher

More world-minded managers are needed  
if U. S. is to get its share of global market

**Dean Brown:** Is competition going to be as tough as some think it will be in the years ahead and, if so, what can an alert company do now to prepare for it?

**Mr. Lederer:** From the international point of view, competition will be keener because of the consolidation of the European Common Market, the increase of their productive capabilities, their increase in efficiency in managing. Also, I feel that the exclusion of Great Britain and the Commonwealth from the Common Market will make them greater competitors.

**Dean Brown:** What about competition domestically, across industry lines?

**Mr. Bibby:** It is going to be much tougher. First, because of better-trained and better-informed management. And secondly, the information which management will have will be more factual, more precise, and of greater use.

**Dean Brown:** I have heard it said that one of the reasons for keener competition ahead is that we are becoming a more affluent society. Is there anything in that?

**Mr. Eppert:** Yes, I think so. We should underscore the importance of research and development, because we are not filling needs so much as we are creating wants, and these more exotic products—the advanced products coming from our laboratories—are playing a key role in determining the competitive status of a given company or industry.

**Mr. Rockefeller:** I would like to supplement what Mr. Lederer has said by suggesting that one add Japan as an element which is going to contribute substantially to increased competition. In the old days, people

# Symposium • 1

continued

thought of Japan as a country which was skilled at copying and had cheap labor. Many tended to write them off in other respects. The experience of the postwar era shows they are excellent managers and skillful innovators as well. I believe their competition will be felt increasingly.

**Dean Brown:** Are there specific ways that American companies can adapt themselves to growth abroad, to the greater competition?

**Mr. Maynard:** There is one thing—this applies particularly to smaller businesses—which I think we all can agree on. Managers must resolve to manage as well as they know how, right now. I'm impressed by the gap between management's knowledge as it is practiced in some of our largest companies and the actual application of that knowledge in the great number of smaller and medium-sized businesses. We can do a lot to fit ourselves for future competition by doing the things we know how to do with resolve.

**Dean Brown:** Are you suggesting that part of the task of management training is to get across the idea of follow-through?

**Mr. Maynard:** Exactly.

**Dean Brown:** Mr. Bibby said better management methods abroad are going to figure in future competition. What can American businessmen learn from businessmen abroad?

**Mr. Bibby:** Well, two things. One is that companies abroad seem to

operate with far less staff than we do. They are much leaner as far as administrative overhead is concerned. And they do a very creditable job in this area.

Secondly, there is greater compatibility of interest between government, labor and business abroad than there appears to be in this country. If we could get more of this compatibility, it might be helpful.

**Mr. Lederer:** The decision-making process in the European company is more precise, faster and much more effective. That's true all the way through management, including financial operations.

**Mr. Eppert:** There is a basic involved here that we should not overlook: Today we need the world market more than the world market needs us. In order to achieve our objectives at home we need a greater orientation on the part of management so far as the world market is concerned. We cannot ignore it and achieve or even hold our goals here at home. They are irrevocably locked up with what goes on in the world market.

We also should not overlook the opportunities that we will encounter. They will be numerous.

**Dean Brown:** Mr. Bibby mentioned that foreign management tends to run leaner. Mr. Lederer made the point that they are able to make decisions more promptly.

What do you think about this, Mr. Burns?

**Mr. Burns:** Well, I don't have any specific knowledge of these things. I think we ought to document them a bit before we accept them as facts.

**Dean Brown:** Lord Geoffrey Hey-



worth mentioned several years ago that in Unilever, one of the great foreign corporations, he found that the number of managers per number of units of activity was related to the degree of development in which the company was working. In the lesser developed countries, there were fewer managers for a given volume. The more developed, the more managers.

Could this be part of the explanation?

**Mr. Bibby:** Quite possibly.

**Mr. Burns:** Unilever has a unit here, in Lever Brothers, and while I don't know this for a fact, my guess is that Lever Brothers' basic ratios are probably no different from other companies in the same field.

**Dean Brown:** Let's move to another point: the greater ability of the foreign manager to work in harmony with government and labor. Is this a fact of life?

**Mr. Rockefeller:** Certainly in Europe there is a greater tendency toward what we have come to know as a directed economy. The government plans, to a considerable extent, the direction of investments and the allocation of resources, so that this has an important impact on managerial decisions. European executives don't have the latitude of our managers with respect to going into new fields. It is also true that as the result of long experience, they have been forced to work more closely with government than many of our managers have. Whether this means they are better managers, I'm not so sure. Certainly they are different.

**Mr. Eppert:** In postwar Germany



**Ray R. Eppert** is president of Burroughs Corp., a company he joined as a clerk in 1921. A native of Carbon, Ind., Mr. Eppert is a director of a number of companies, including the Michigan Bell Telephone Company, the National Bank of Detroit and the Michigan Consolidated Gas Co. An outspoken advocate of the free enterprise system, he has been active in a variety of civic, charitable and youth organizations

Courtney C. Brown, a native of St. Louis, Mo., has been Dean of the Graduate School of Business at Columbia University since 1954. Dr. Brown served as moderator of the Nation's Business symposium. A one-time investment analyst, he is the author of or contributor to several works, including "The Director Looks at His Job" (1957), which drew upon his experience as a member of the boards of several major corporations

you find a good illustration of how labor has been to some extent more understanding of the economic realities.

If any nation was ever educated on the fatality of unbridled inflation, Germany was, following World War I.

I was much interested in talking to a German trade union group that visited Detroit a few years ago. They weren't buying some of the things they were hearing at Solidarity House and other places. They wanted no part of anything that would be inflationary. And, you will recall it is only in recent years that the unions in West Germany have been asking for things, and properly so. They were very restrained in their demands until Germany was well on its way.

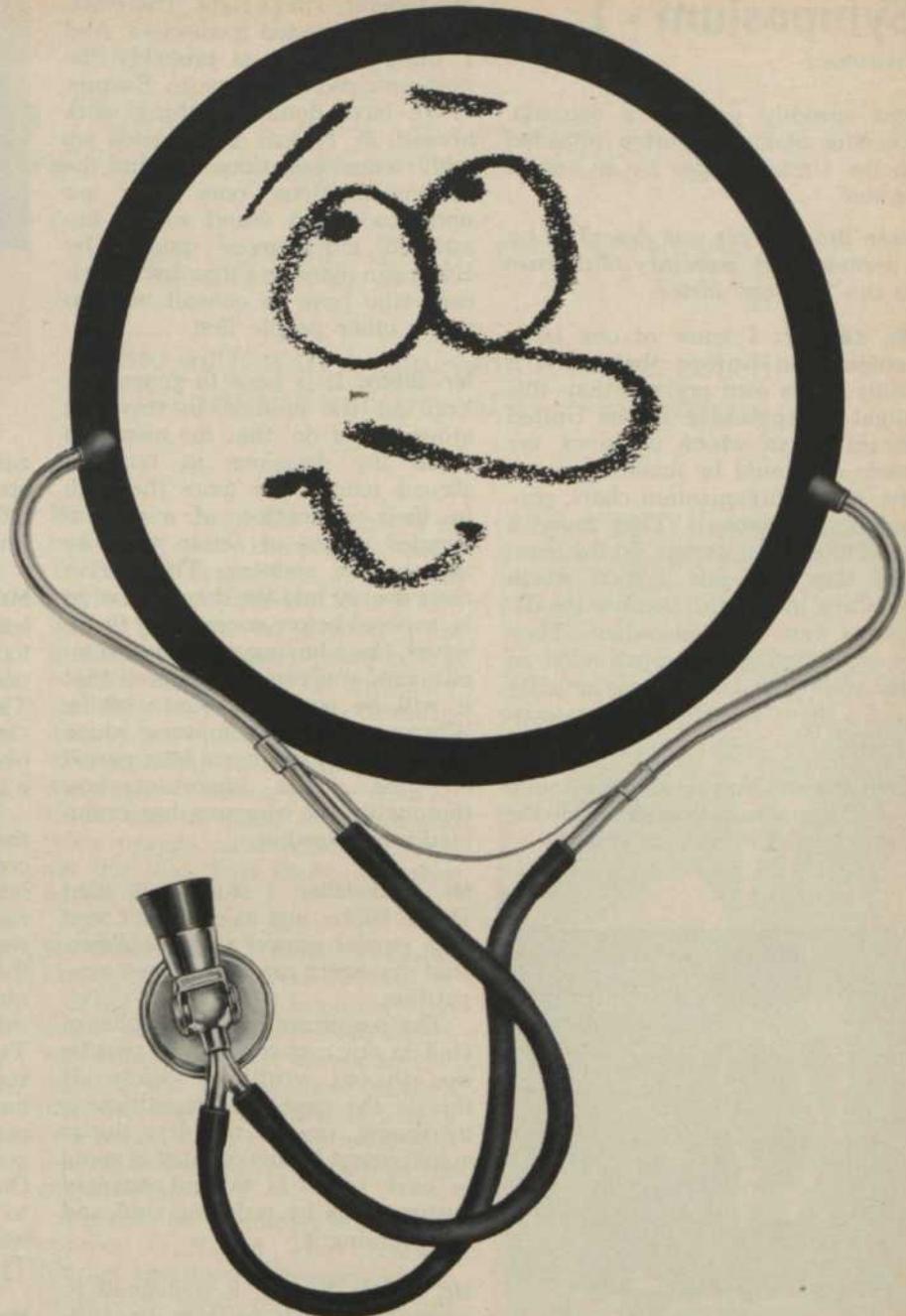
**Dean Brown:** Didn't we have a different kind of situation there—labor-management codetermination? Do you recall the phrase?

**Mr. Eppert:** Yes. As a matter of fact, accompanying this team to Detroit were some government officials involved in the economic restoration of Germany. And it was an excellent team. Business also was represented, I might add.

**Dean Brown:** Do these background differences between management in Europe and in the United States suggest ways in which our business organizations may change in the years ahead?

**Mr. Lederer:** I would think they should.

For example, take the question of whether there are more managers in Europe or in the United States. It is not so much the number of managers in a given enterprise, but



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**OC**  
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# Symposium • 1

continued

how speedily you get a decision. Decision-making is often impeded in the United States by an excess of staff.

**Dean Brown:** This was described by a former U. S. secretary of defense as the "foul-up" factor.

**Mr. Lederer:** I know of one large company in Europe that made a study in its own organization—this might be applicable in the United States—as to where decisions are made or should be made, irrespective of the organization chart, procedures or manuals. They found a most interesting thing: All the manuals they had just weren't worth anything in practice because the decisions were made elsewhere. They reconstituted and reconstructed so that where the decision was actually made, there would be the responsibility.

**Dean Brown:** You mean they found a shadow organization alongside the corporate organizational chart?

**Mr. Lederer:** That's right. Therefore, they reconstructed themselves. And I think today it is probably the best-managed company in Europe.

We have done consulting work abroad. A typical study ends up with recommendations. We find the recommendations, once they are understood and found sound, are adopted much more quickly by European managers than by Americans who have to consult with so many other people first.

**Mr. Bibby:** It is hard to generalize. You get the opinion in traveling around, as I do, that the men who make the decisions in business abroad tend to be more thorough in their evaluation of a recommended course of action than we are in this country. They delve more deeply into the details of what is involved before committing themselves. Once having made that commitment, you can rest assured that it will be with you for a while. When you put out computers which you hope will stay for a long period of time, it is important how thoroughly the company has evaluated your position.

**Mr. Rockefeller:** I wonder if what Dause Bibby just said doesn't lead to a partial answer to what American managers can do to meet competition.

The reason we have a surplus of staff in our country may in part be due to our wealthier society. If this is the case, if competition is increasing, one of the first things management in this country is going to have to do is to find ways of cutting costs by reducing staff and streamlining it.

**Mr. Burns:** To me, it is difficult to generalize. Each country has different problems.

For example, Italy, recovering from the war with its own government controlling about 20 per cent of private business, had quite a different set of problems than we do.

In working with the Dutch in the electronics field—Phillips, of course, is one of the outstanding companies and has excellent management—I was interested in their committee management viewpoints, which have changed markedly with time. Their State Department works for them, trying to produce business for them.

One of the areas that causes large staff is the relationship between our businesses and our government. While much of it is necessary and good, even a small U. S. organi-



Responding to question asked by Dean Brown is John L. Burns, at left. Albrecht M. Lederer looks on

zation uses a high percentage of its staff time dealing with government affairs, government controls and other relationships.

**Mr. Eppert:** One of our big problems in competition—again referring to the world market—is America's position vis-a-vis other economies. Then there's a little phrase, "balance of payments." We can't overlook it if we are going to have a happy future down the road.

What do we export? Starting with the premise that there is a labor or cost differential for a similar product, it seems to me that we have to reconcile ourselves to the fact that we are not going to build some things in this country that we are now building. Our answer must be to export what might be called Model Two products stemming from research and development, where we have the greatest pool of competency in the world, while the importing countries are in a Model One phase. And when they move to Model Two, which they will, we'd better be ready with Model Three.

**Mr. Lederer:** This bears out an example which is brought to mind by your comments: the large Dutch textile organization that is successfully competing with Japanese textiles in Indonesia and everywhere else. An officer of the Dutch firm was asked, "What is your secret that you are not afraid of Japanese competition?" He said, "There is only one thing. If I am ahead of the Japanese one year in styling, I don't have to be afraid."

This is "Model Two."

**Dean Brown:** This conversation has convinced me that the pressures managers will face in the years ahead are going to become more intense. Management is going to become a more complex and difficult project.



**Dause L. Bibby**, a native of Cisco, Texas, began his career in 1934 as a student salesman for the International Business Machines Corp. Today he is president, director, of the Remington Rand Division of the Sperry Rand Corporation, positions he reached after a steady climb through sales and management. He has been active in work for the disabled and in other civic endeavors. He lives in Irvington-on-Hudson, N.Y.

Nation's Business  
symposium

Management  
in the future

## 2. You can shape business climate

More action by businessmen is prescribed to insure the vitality of free enterprise

**Mr. Bibby:** I believe there must be some meeting of the minds between the principal segments of our economy to solve our problems. One may dislike the phrase, "managed economy," but the fact remains that more intelligent long-range national planning is being done by some of our international friends than we are doing here. Whether it is the sheer magnitude of the job that stifles us, I'm not quite sure.

With the new equipment that is available, it is quite possible for one to construct various models of economic activity and to evaluate those models based on a given set of assumptions.

I am told the Russians have begun to set up a series of regional computation centers in which the whole area of activity is devoted to a planned approach to bettering the economy for that particular segment of that particular area.

**Mr. Eppert:** I don't blame the Russians for trying to do what they are doing because they have been attempting to manage and budget and blueprint right down to payrolls by dates and disposition of products and everything else for roughly one million enterprises.

It's never worked under any plan that they have set up for a five-year or six-year or seven-year period. Now, I don't buy the idea that we should ever approach this problem on a national basis or even a regional basis or anything other than an individual company basis, because if we do, if we were to follow that lead, in effect, we would be saying we should come under the umbrella of something other than what we call free competitive enterprise.

**Mr. Lederer:** I was told in Zurich that the greatest boon for central Marxian planning in the Union of Soviet Socialist Republics is the computer.

**Mr. Eppert:** Let's fight them on an individual, free competitive basis. We haven't damned the government yet, but if you take the 1962 Washington position on a steel price increase, an adamant position that a price should not be increased, and they were talking about an industry, not one company but a lot of companies, each competing with the other, it seems to me that attitude carried to the extreme could point toward nationalization. Britain did that, you know, and then had to back up.

**Mr. Bibby:** Ray, I want to be sure I'm not misunderstood.

What I was trying to portray and probe, perhaps in insufficient words, was simply this: It seems to me, through the use of more modern machines and techniques, the ability of a nation to do a more intelligent job of setting forth its objectives can be achieved.

I'll take the Common Market, as opposed to Russia. The Common Market has done a tremendous job in setting forth certain kinds of well thought-out objectives and informing the various segments of the Common Market economy what these objectives are.

To this extent, whether we like it or not, our government does a lot of planning.

My only plea is for more intelligent planning.

**Mr. Eppert:** I think one of the big jobs before management and government is to get a better understanding in government of what it is that makes American business what it is, and what we need to do or not do to preserve that which we have.

Taxes are tremendously important.

Someone once asked a manager: "Do taxes have any place in the



**Albrecht M. Lederer** is president of A. M. Lederer & Co., Inc., of New York City, a consulting firm which does extensive work abroad. He is the current president of the International Committee of Scientific Management, which has headquarters in Geneva. Mr. Lederer has held a variety of posts in industry and government and currently is a director of several foreign companies, including Cocam Brasileira, S. A., São Paulo, Rio de Janeiro

decisions you make?" He replied, "Yes, 52 per cent."

**Mr. Burns:** I would like to make one point which I think is directly related to our business problems. I think it is a very serious one. It has to do with our antitrust philosophy. In the United States this philosophy is too far behind the times. Our economic and business practices have outrun our antitrust theory.

I'm going to describe in two

## Symposium • 2

continued

sentences two facts which don't sound like the free enterprise system as we were taught in our college days.

Number one, that three or four companies in most of the mature industries—by that I mean industries that have been in existence for a number of decades—three or four companies do 50 to 90 per cent of the business in that industry and their prices to customers are basically stable. Yet competition is fierce.

The second one, which seems to be a refutation of this, is that small businesses have increased about 40 per cent in the last three decades. That's out of the Rockefeller Report.

Now, I think that a good part of our antitrust practices are aimed at trying to prevent things that have already happened. The concentration of industry is a necessary thing and must be accomplished in order to get the economy to go on. That's a practical fact of life. I do think there is a tremendous need for a restatement of our basic economic philosophy so that the government in turn can adjust itself to the problem.

**Dean Brown:** What we are really getting to is that with regard to any participation in a national plan, with regard to taxes and tax policy, with regard to antitrust policy, there are important responsibilities that managers should accept. These are helping to influence the environment in which business executives function.

**Mr. Burns:** Yes. The federal trade laws. This is a little overstated, but I think it's almost impossible to operate under the welter of federal trade laws and comply fully. A good cleaning up, for the good of the nation, not just for the good of business would be most helpful.

**Dean Brown:** It would seem to follow that managers who are inclined to stay within the interests of their particular businesses are failing in part of their job. Is that right?

**Mr. Eppert:** Well, I think the time has come when more and more businessmen have got to speak out. I don't think we can stand mute and then bemoan the fact in arrears—that this was something that was decimating and should not have been done.

**Dean Brown:** Is there anything with-

in the present training of a manager to equip him for this kind of experience?

**Mr. Eppert:** I'm talking now about the federal government's position in relation to business, because no matter how proficient management is, how well trained, how efficient, proficiency and efficiency will not do the job without a proper understanding on the part of government.

**Dean Brown:** To what extent does management have the responsibility to develop this awareness on the part of government officers? The government is not abstract. It is people, individual people.

**Mr. Eppert:** I think we have a responsibility which goes far beyond our own businesses. The thing we are really trying to say here is that it is up to business to protect, define, and teach—where necessary—what free competitive enterprise is all about.

**Mr. Bibby:** I'm sure you would agree that if there were more knowledge about balance of payments, if there were more knowledge about our obsolete plants and equipment, if there were more knowledge about antitrust restrictions, that would help.

**Mr. Eppert:** It certainly would.

**Mr. Bibby:** I was suggesting earlier that some of our modern machinery gives us the ability to correlate a lot of facts which we did not have heretofore.

**Mr. Lederer:** When you look back on these various views, don't you come to the ultimate purpose of managing? Is it to produce goods or services? If it is to produce goods and services for the greatest number of people, you can use any kind of system you like, with or without the computer.

If you say the ultimate purpose is to develop a society and you do it under the competitive system we enjoy, then, it seems to me, the proper starting point for relationships between government and business begins with that concept. You build your policies from that point on, not the other way around.

**Dean Brown:** I think two new dimensions for management are emerging from this conversation. One is to help condition the environment; and two, to equip ourselves with the knowledge of the quantitative handling of data in a way to make us more efficient.

**Mr. Maynard:** We talk about the necessity for the manager to condition his environment if we are going to make things come out the way we would like them to. Isn't there another side to this question, that the manager must be perhaps more perceptive of changes than he has been in the past? Because the forces sweeping the world at the present time are so strong he is bound to have to do some adjusting himself. He can't make the world come out in his pattern. He has got to understand the pattern the vast majority of the people are formulating in their own minds and adjust himself to that, at least in part.

**Mr. Lederer:** We must strike that balance. We have the tools in our laboratory which can absolutely wipe out the kind of society that we are used to living with unless we know how to use these tools carefully and skillfully to preserve our society and make it stronger. A manager has no choice except to face up to that.

The goal of this society is its culture and civilization. If we go to



David Rockefeller is a distinguished member of one of America's most distinguished families. President of one of the nation's largest banks, Chase Manhattan, he is also a director of the B. F. Goodrich Company and the Equitable Life Assurance Society and board chairman of the Rockefeller Institute for Medical Research. Mr. Rockefeller has in recent years been devoting his attention increasingly to the problems of the underdeveloped countries

other cultures, their goals are different and their outlooks on what makes society, what makes the individual, what part he plays in the whole scheme of things, are different than ours.

All right, that's their problem. Ours is to relate, to be careful that these enormous energies that have been released in the field of technology and human endeavor are managed by the businessman for the goals, both economic and cultural, ethically acceptable to society.

**Mr. Bibby:** I don't think one in business can divorce himself from the hopes and needs and fears of the community in which he resides, whether that be local, state, national or the world at large.

As a matter of fact, we live in a world community. I would suggest further that we Americans are quite naive in international affairs. We know very little about the cultures and traditions of many parts of the globe. To learn more is one of the great challenges facing the manager of tomorrow.

One requirement for future executives will be training and experience in international affairs. In addition, I don't think any manager will be able to afford to be scientifically illiterate. He will need an understanding of some of the more complex and complicated devices with which he will be confronted. That doesn't mean he has to be an engineer. It certainly means he has to be exposed to some of the concepts and practices that are going to face him in the future.

**Dean Brown:** There is no question about the fact that as management moves out of its front door into the community, it faces a far more complex world. To be an effective persuader in the field of public policy, whether it is tax policy, labor policy, or other kinds of policies, the businessman has got to move beyond his present development.

**Mr. Eppert:** The success of any business depends upon creativity and innovation. If we conform, then we will fail. If we innovate, we'll succeed. And that will be determined, not by U. S. competition, but by world competition. It is important to stress and re-stress the fundamentals in our educational system.

**Dean Brown:** Let me get this down to what seems to me is a very pressing problem of our day.

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continued

are all familiar with the efforts being made to accelerate that development. One of the most serious missing ingredients has been lack of administrative and management talents in those parts of the world.

How can this management be provided effectively? What would you gentlemen prescribe if you had the power?

**Mr. Eppert:** Not loans and grants.

**Dean Brown:** It is hard to see just how loans and grants are going to make a management.

**Mr. Eppert:** That's right. They don't.

**Mr. Rockefeller:** I personally feel this is one of the ways in which private enterprise makes the greatest contribution in the international field.

Ray has suggested that capital, important as it is to the development of the underdeveloped areas,

is really of secondary importance to management. Management does not automatically flow with grants in aid or loans from governments or international organizations, whereas if private enterprise is going to invest its money in a country it jolly well is going to send the management along with it to make sure it brings a return. Here is where I feel that business can make a very great contribution, and I hope that this is going to prove to be one of the most valuable results of the Thirteenth International Management Congress which is coming up here in New York this September. We are bringing together management people from all over the world to discuss this question, among others.

**Mr. Lederer:** In response to your question, Courtney, I think it depends a great deal on the country. The need is there, that's evident. It can be done through schools that are being established or in the process of being established. Some are graduate schools, some are undergraduate schools. Some countries are experimenting with different types of schools.

For instance, in one, where they have a five-year course of business administration, the student is taken out and put into a business so he can learn, and then he goes back to school.

What I'm concerned with is the role of private enterprise in this effort. In the past, that has been a very small role. Businessmen have not participated, except in their own companies.

First of all, however, they must explain to these developing countries what private enterprise is, how it functions and why it is better than government enterprise. Once that can be done successfully, then I think the private enterprise should actively participate in the community or in the country to fill the gap, that is, to do things now, because by the time you bring the youngster along and get him into the managerial process about seven years have elapsed. The job has to be done now.

Where can you get the people? I think that private enterprise, wherever it operates, wherever it puts a plant, wherever it sells a product, can take a very vital role in this.

**Dean Brown:** Is there likely to be an export of management talent from the more developed parts of the world to the less developed countries in the next decade as there

was in the Nineteenth Century an export of political talent from Western Europe and England?

**Mr. Lederer:** Do you mean, for instance, a European is exported to Madagascar and then becomes a part of Madagascar?

**Dean Brown:** He will export himself, I would rather put it—

**Mr. Lederer:** The company might export him.

**Mr. Eppert:** I think there are two sides to that coin. One would arise when an American company would move into one of these underdeveloped nations to set up its own business operations.

The other side of the coin is the utilization of free world talent in management insofar as some of our aid programs are concerned. The aid these countries really need is the establishment of operations which provide the answers to their pressing economic problems.

There is nothing new about this. The idea has been suggested many times.

But we could follow, for example, the philosophy that has proven so effective in our space and military security programs—the idea of a weapon systems manager. Identify the particular aid needed to solve a problem in, say, one of the underdeveloped countries. Then assign a prime contractor on competitive bidding to do the job and to put together the team members, the subcontractors. Then move in, not with the idea of staying there, because I think too much of that would be interpreted as economic colonization, but rather with a deadline date to phase out after having phased them in, thus leaving them in business.

**Dean Brown:** Would this corps be available as a result of early retirement?

**Mr. Eppert:** Not necessarily, but our retired managers are a great asset and we are not fully capitalizing this asset.

Many of these men retire at the peak of their competency and efficiency. And all of the management disciplines are represented in this group, backed with long, successful experience.

I can't think of a more effective economic aid team than a coordinated group of retired managers, and a team composition tailored to the specific aid objectives.



John Lawrence Burns, a former president of the Radio Corporation of America, began his career as a teacher of metallurgical engineering. At one time he was assistant to the head of the department of metallurgy at Harvard, where he took advanced degrees. A native of Watertown, Mass., he is a director of three business concerns, including The Great Atlantic & Pacific Tea Company. He was a partner in the consulting firm of Booz, Allen & Hamilton from 1942 through 1957.

### 3. How to stay ahead of change

Companies must keep innovation healthy as a bulwark against pressures of years to come



**Mr. Burns:** There's another big challenge we haven't really more than touched upon. I think it is just as big as the international challenge. It's the tremendous obsolescence of product and the explosion of research and development in the United States.

Research and development spending for the country as a whole has gone up ten times in the past 15 years. And the length of time that you have in which to make a profit on a product is increasingly shortened. As this happens, your research and development can literally put you out of business. You can do a terrific job on product and go out of business.

Now and in the future we'll need real product management. I'm sure that Dause and Ray, particularly, know what I'm talking about.

**Mr. Eppert:** Nothing could be more basic, John, in this technological era. However, I think we should remember that a great deal of research and development is being done because of our national space effort and the military security programs of the free world.

**Mr. Burns:** Courtney, I was trying to make a list of a half-dozen things we could do as managers in light of these and other developments.

**Dean Brown:** What are the "other developments"?

**Mr. Burns:** There are two things that are growing in the United States. One is services employment and the other is government employment. Government employment is growing fastest. Serv-

ices is next. The number of people in manufacturing has been stable for about 12 years, so that in 1958 white-collar workers passed blue-collar workers in number for the first time. We must recognize these trends and deal with them and, therefore, we could stress services in considering our work.

The second thing is that in services it is almost impossible for the international people to compete with us. Why? Because service is done locally and we have to deal with local people, and this is a counterplay to foreign competition.

Another point concerns information. The first phase of computer development has been to chew up paper. But along with this comes the opportunity to improve management. So this new phase is starting. I think we will find increasing so-

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continued

phistication in the machines that will have some decision-making power. This is another area where we must stay ahead.

The fourth is to manage products on account of the research and development revolution. I won't dwell on that.

The fifth involves items with high labor content. We must look abroad for many of these in order to keep the cost of our total system in the United States competitive.

The sixth is that I think we are going to have increasing, sharpened moves in the science of marketing. We have seen great advances in manufacturing. We are having a great one in the area of white-collar work, and I think marketing is going to come under increasing pressure. Another area where we are under pressure all the time is cost of production.

My final point is that we must adapt to world competition.

**Dean Brown:** If more items with high labor content have to be manufactured abroad, doesn't this accelerate the trend toward a relative diminution of job opportunities in America?

**Mr. Eppert:** I don't think so.

We forget sometimes, when we talk about exports and imports, that there are roughly four million Americans who owe their jobs to exports. There should be more. By the same token, some one and a half million jobs are involved in imports.

Let's consider a product we are transferring overseas now. Our policy is this: When we reach a point—usually in connection with an older conventional product—where we find we can no longer build it here and sell it competitively here and hold a proper profitability ratio, then the decision has to be one of two things—either to forget that product or to move it over there where you can be competitive and then, by importing from yourself, protect the American market.

It is not a question of "if." It is a question of "when." You will not sell it here or there unless you do it that way. That's why the research and development phase we talked about is so very important. We must have new products, advanced products to fill the vacuum created by such transfers.

That's why technology, compe-

tency and position vis-a-vis our competitors is so crucial. I don't know of any other flags we can fly if our basic costs per labor hour are higher.

I know of no other way of protecting our high standard of living, or our high standard of wages.

**Mr. Rockefeller:** I agree completely with Ray. The hope of our country in keeping ahead of what I agree is a serious unemployment problem is research and development. On the one hand, to develop those new products which will appeal to a population that has a growing standard of living, and on the other hand, to reduce costs so they will be able to afford a broader range of products.

It seems to me that these are the two key answers to the unemployment problem on the demand side.

On the supply side, the answer probably is greater mobility of labor. This means, on the one hand, better training, both at the school and college level and at the post-graduate level. In other words, in industry and in life. Also, I think it is important that labor unions be persuaded of the importance of this point and remove insofar as possible restrictive practices which prevent the ready shift of labor from one market to another.

**Mr. Eppert:** I would like to say one thing more. We have more of an unemployable problem than we have an unemployed problem. Automation—whatever you want to call it—is all a part of the technological era in which we are living. It's putting greater emphasis on new and different kinds of jobs. For example, while flying back from New York to Detroit recently I was reading the *New York Times*. And I was very interested in going through the Help Wanted ads. These weren't guys who were applying for jobs. These were advertisements trying to attract people. You can go into any city and pick up the newspaper today and you will find long columns of Help Wanted ads. Our problem is to create in the unemployed an employable capability for which there is market demand.

**Dean Brown:** This, I take it, is something that is applicable to the simpler skills as well as the more complex?

**Mr. Eppert:** Yes.

**Mr. Bibby:** There is another point that we shouldn't overlook. It's the



fact that the emerging nations are going to be attractive markets for those countries which cultivate them with some degree of aggressiveness.

One of the things that disturbs me about the employment problem is that by almost any standards in Western Europe or even in Japan, our plant and equipment is quite old today as compared with most other countries.

To the extent we can persuade our government to grant whatever facilities it may see fit to provide—we are, in fact, the government—and if we can persuade the labor unions to adopt a more enlightened point of view toward worker mobility and training, we can match jobs to skills.

One has only to look back to the telephone business to discard the idea that automation eliminates jobs. On the contrary, it increases jobs and creates new markets.

If one is concerned about developing new world markets, I think we should become quite concerned with the age of our plant and equipment.

**Mr. Eppert:** I saw a recent estimate that we have some \$90 billion worth of plant and equipment that is, in effect, obsolete. We have a job ahead of us—both management and government—of creating roughly one million additional new jobs per year because that's about the growth we'll see in the 1960's in the labor force.

By the same token, the present national average that must be generated in capital formation if we are going to keep the ship on an even keel is about \$18 billion a year for job creation, in addition to the obsolete plant and equipment

**Dr. Harold B. (Mike) Maynard** has been described by Dr. Lillian M. Gilbreth, one of the pioneers in scientific management, as "the leading management scientist of our time." He is president of the Maynard Research Council, Inc., Pittsburgh, which provides management services for growth companies. Dr. Maynard is author, or co-author, of numerous management books

problem. This problem certainly must concern management and government, too.

I don't think it is getting enough attention.

**Mr. Rockefeller:** Doesn't this point up the important question of tax policy, particularly in relation to depreciation? I think probably one of the reasons why the European nations have a much more modern plant is that even nations which one thinks of as rather socialistic in their government—such as Sweden—have much more liberal depreciation policies than we do.

Even though we did liberalize them to some extent last year, I think a lot more could be done in this field.

**Mr. Eppert:** Incidentally, Sweden is not a low-cost labor country. It is one of the highest in Europe. Still they are doing a magnificent job in exporting.

If we did as good a job as Sweden, our annual exports would amount to \$65 billion.

**Mr. Lederer:** Here's one other point I would like to bring out on this question of creating jobs and exporting products. American managers have to be greater innovators in their financial operations for sales abroad.

Time and time again, on service to some extent but primarily on finances, opportunities for sale of our products, primarily in the capital goods industry, are lost because the innovation for financing sales abroad is lacking.

**Dean Brown:** You used the word, "innovators." In the complex competitive business community of the

future, will business encourage individuality or conformity?

**Mr. Eppert:** I think a better term than "conformity" is "inspired coordination." You don't want to destroy initiative, but you do want coordination. You don't want fragmented decisions taken out of context. That's a subject in itself.

**Dean Brown:** Authors have been writing books and making small fortunes talking about organization men and things of that kind, you know. I think it is something to which we as observers of management must address ourselves—the extent to which our organizations will be able to encourage the maverick, to stimulate and recognize initiative even when it is uncomfortable to do so.

**Mr. Bibby:** I certainly hope we continue to encourage innovation because I think innovation has made this country great. To destroy that kind of initiative would be detrimental. I do agree there is tending to be some conformity in management.

I would cite as one example a large company which went through a study of decentralization and decided to recentralize. Will other companies follow? Many will, without giving it much thought. I would say there is a danger in conformity. Too many of us hear someone get on a rostrum and propound a theory, and then we go back, without much investigation, and expect it to work in our own company.

**Mr. Lederer:** Don't you think that stems in part from building rigidity into the compensation of managers? We were talking about mobility of labor. There is a great deal of mobility on the top management level. When you move lower, there is a built-in rigidity in the form of various pensions, social security, compensation systems which make a man conform to the structure because if he doesn't conform he has to get out and thus will lose, to a great extent, these benefits. This is also true in public administration. It's a kind of rigidity that is a deterrent to innovation.

**Dean Brown:** Going outside the organization for a moment, is there a tendency toward conformity in opinion in management as a whole?

**Mr. Rockefeller:** I think there is, and I think this is one of the real problems that industry, particularly

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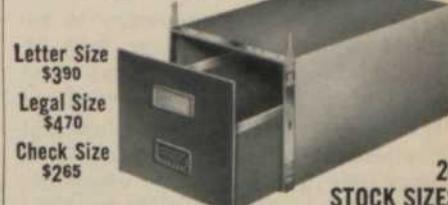
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in this country, has to face and overcome.

It seems to me that each of the major segments in our economy goes off by itself, talks to itself, and thinks about itself. This is true of labor, too. It is true of government and of business. If we are going to have a successful, forward-moving society, we have got to find some way of mixing these groups much more from top to bottom. I would suspect that if we are going to do that successfully, it will have to be done consciously, particularly in the managerial levels in whatever realm of society one is talking of.

There have got to be periodic opportunities to get away from the day-to-day grind, to take a look at the total picture. I have recommended sabbatical leaves, not necessarily a whole year, but sabbatical periods for business executives, when they can get away and take a refresher course, whether it is given by an academic institution or not. In any case, get away and try to do a little fresh thinking on a broader scale than that of the organization alone.

**Mr. Eppert:** Dause was talking about decentralization and now recentralization. There is a movement on in this country toward recentralization, because I think many of us have found that where we are highly decentralized, we have compounded the problems of Parkinson's law.

With the fiscal situation of American business today, it is necessary that management work to declare that law unconstitutional.

Decentralization of line operations can bring great benefits in pinpointing a specific responsibility. But you have got to watch like a hawk to make certain that you do not decentralize to the point where a division feels it's a separate corporation.

Sometimes it is necessary to remind a division manager that he is part of the company and must act within a total context. One of the real executive development challenges in industry today is to associate in the mind of every executive his activities with the total business.

If he cannot see his job in relation to the total, you can't blame him for placing undue emphasis on the importance of what he is doing. It has to be a coordinated team.

**Dean Brown:** Are you suggesting that this drift toward recentralization is one way to take off some of the fat?

**Mr. Eppert:** Yes. Also, I think it is necessary, Courtney, for this simple reason: I don't have to tell you that corporate profits in the United States, either in relation to gross national product or national income, have been going down hill since 1947. This ought to be of real concern to Washington, as well as to industrialists.

What does it mean? It means that management must have a faster reaction time. We talk about reaction time in connection with military security. Management reaction time is vital because the margins we are working with, the tolerances we have for error, are getting less and less. That's another reason we have got to make the ultimate decisions in a total context and not fragment those decisions too much. If you do, you are going to find you will be holding an autopsy and trying to arrive at a verdict rather than considering a diagnosis and a cure.

**Mr. Lederer:** Wouldn't you say that this is only possible because of the emerging information technology?

**Mr. Eppert:** Yes.

**Dean Brown:** Let's turn to the question of management techniques. Are there other areas where they can help us in coping with the greater complexities of the future?

**Mr. Burns:** Well, I think there are two parts to the answer. The old truths about organization practices will always be with us. In history, the church and the military were the two big forces, and most of the principles of organization that we have in business today have stemmed from them. I think many of the rules of thumb that they used are still applicable. I think the basic limitations are human limitations because now it is possible for machines to talk to machines on massive amounts of information.

The problem of talking between humans is still going to be the limiting factor on what you can do. And I think the biggest single opportunity we have is in the use of machines, where they talk to each other quickly and get information back and forth for decision-making.

**Dean Brown:** Isn't it also true, however, that we are beginning to find

in the use of the computer that when we make a decision, if it happens to be a wrong one, it turns out to be a lulu?

**Mr. Eppert:** I don't buy that and I'm not trying to defend a business I happen to be in. No, all we are doing today with the management sciences and information processing is presenting to management before the fact all of the elements that should be considered in arriving at a conclusion.

If management is going to make worse decisions based on having more complete information, then the problem is not the computer, it is management.

**Mr. Bibby:** In terms of information flow, I think there are two things that are going to influence the manager of the future. One, Ray Eppert has called a faster reaction time.

How intelligently the manager judges the information he looks at is an indication of his ability.

**Dean Brown:** By the construction of a simulated model, feeding certain basic assumptions into the computer, you could get what would look like a sharper focus on the long-range plan of the company. Is that right?

**Mr. Bibby:** Yes.

**Dean Brown:** This goes back to a question I asked a moment ago, about the magnitude of decisions and whether a wrong decision may be more damaging in this kind of setting.

Let's say we have a simulated model that looks just right and it is all broken down so that the marketers know what to do and the manufacturing and financial people have their plans all integrated into this.

Let's suppose, after three or four months, things begin to look a little bit out of balance and it is not developing just as the model had indicated that it would simply because we have made some wrong assumptions.

Doesn't this imply that there is a larger magnitude of damage as a result of the wrong decision?

**Mr. Eppert:** Not if you are able to detect variances more quickly and relate those variances to a total plan to see what has to be done to adjust the total plan to conform to the variances.



Coffee break midway in symposium gave participants opportunity to continue their talk informally. Shown, from the left, are Dr. Brown, David Rockefeller, Albrecht Lederer, Dause Bibby (back to camera), H. B. Maynard, and John Burns

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## 4. What future managers will need

Will executives be automated out of a job?  
Leaders answer this and other key questions

**Dean Brown:** We have been talking about the impact of the computer. Let's look at it from the standpoint, not of the top manager, but of the middle manager. Is he going to be automated out of a job?

**Mr. Eppert:** I would like to say that if the computer is used in management sciences and information, it will have a radical and I think ex-

cellent effect on the management structure. Here is what I mean:

Look at any organization chart and you find little areas, departments, and so forth, where there is an element of management and management decision involved. This is one of the reasons why many total decisions are largely fragmented. Maybe the matter doesn't even get through for final decision.

At some point in the future I think the company will find it highly desirable if they put in, say, a computerized information system for management utilization, to start before they ever install it by redrawing the organization chart. If they try to superimpose it on the present structure of fragmented decisions, they will never get good results and, in fact, it

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continued

could be dangerous rather than helpful.

**Dean Brown:** Does this mean the computer is going to release the middle manager for wider activities, including commitments outside the company?

**Mr. Eppert:** At the present time, the typical middle manager is not being efficiently used, because he is really a data-gatherer rather than one performing a management responsibility.

**Dean Brown:** Mr. Bibby, how do you feel about this?

**Mr. Bibby:** I think that automation of all kinds in the long run tends to increase employment. And I don't think, Courtney, that the middle manager will ever disappear, because wherever you have people, there has to be a manager. I would suggest, however, that his role might change significantly. I think we'll tend to find him a better-educated man, more knowledgeable about his part in the total enterprise, having more facts with which to work.

**Mr. Lederer:** Wouldn't you say you can either construct your enterprise to such an extent that you dispense with the middleman, or you can structure it so that you provide the knowledge and the information that the manager, the middle manager, would need to make decisions?

This is an area which is evolving. But I do think it could go either way, depending on the desire of the organization.

**Mr. Bibby:** One of the dedications of business must be to build people. One of the ways you build people is to take them through the experience of managing. I don't know how you are going to eliminate the middle manager, if you are going to work to that objective.

**Mr. Rockefeller:** I would have thought that automation would have tended to do more to eliminate unskilled jobs than it would layers of management. And I think this could prove to be a good thing, inasmuch as a larger and larger proportion of the population is getting more education. Therefore, there are more people available for more skilled jobs.

**Mr. Burns:** The main effect we are going to get is to automate drudgery

out of management. We are going to make management more effective.

Take just one example outside of business: educational television. What actually should happen in educational television is that we should be able to get a teacher to sit with the students. The way that's made possible is to take all the drudgery out of teaching, merely the repetitive stuff that goes into presentation of a course. We must get the teacher to sit down with a student.

I tried to find out how much time a teacher in a public school spends with a student. It is about one per cent—the time he or she actually sits and talks with the student about his problems. We are not getting the right kind of teaching in personal contact this way. The only way we can get it is to relieve the teacher of the drudgery that goes into the presentation of the course.

This same thing will happen with computers in business. Someone will have to put the information in. Someone has to make a decision when it comes out, and your managers are going to have highly increasing skills and the drudgery eliminated.

**Dean Brown:** What kind of knowledge should the organization be encouraging its younger managers to acquire today?

**Mr. Maynard:** I would expand it to older managers and younger managers. What has developed in a number of businesses is what I call a "fear-sneer" situation.

The older people who have not been exposed to these new technologies, the people graduated from college before 1955, don't understand them. They are afraid of what they may do to them. The younger people who are coming out and have had this exposure have been indoctrinated with the idea that this is the answer to all problems. They come out with a panacea complex.

So they come into industry and want to put these new procedures to work. And they run up against one of these older managers who says, "Look, we are not interested in this. We have always done it this way and we want to continue." The older man is afraid. The younger man thinks he is a dumb so-and-so and he sneers. A fear-sneer situation.

I think we have to consider the education of both of these groups so that there will be a wedding of the practical, good know-how that the older people have and these

powerful new tools that the younger man is bringing in.

**Dean Brown:** This takes us into the question of the education of managers and ways in which it may be significantly changed.

**Mr. Maynard:** The problem has to be worked out and there are a great many minds working on it right now. In our own case, I'm quite interested in the future of industrial engineers, who are an arm of management. I believe we have a complete older generation that is suffering from the fear complex.

We have to develop training programs, and we have got these wonderful new techniques of programmed instruction, and all the rest, which will help us over this hurdle of the lack of knowledge of the newer techniques.

Our own firm is working on it right now and management, in the larger companies, is doing that sort of thing. The real problem lies in the smaller and medium-sized companies that can't afford to do it for themselves.

Under our system of free enterprise, if the need is there, there are those who will step in and fill it. The newer people need the same kind of enrichment of skills. One company that has found it difficult to get industrial engineers to do the routine type of work that they used to do is now hiring new men with the promise that they will only devote 15 per cent of their time to work-measurement activities and will be given the opportunity to get advanced training for 10 per cent of their time, and the balance of their time can be devoted to improving methods and procedures using any technique they wish.

I think that's a sensible approach to wedding the old and new.

**Dean Brown:** You put your finger on a particularly interesting phase of this problem. Much of what we have been talking about, by implication, has been applicable to the large corporation. Let's turn for a moment to the small company and ask ourselves two questions: One, will these newer, more powerful tools be available to the smaller organization, and two, how do we get managers in the smaller organizations trained to use these tools?

**Mr. Bibby:** This is difficult. We tried a few years ago, in cooperation with the Small Business Administration, to conduct a series of courses around the country. They were not quite successful. Evidently we

didn't provide enough incentive for the small businessman to break away from his normal, everyday chores and come to the meetings.

I'm hopeful that through the medium of television we might be able to provide the kind of small business training that is so badly needed. It is, as you say, easier to deal with in a large company. You have rotation, you have training courses, you have got skilled people to teach and whatnot.

If there were some way television could be put to good use, where a man could go home and still learn, perhaps this would be the answer.

**Dean Brown:** Would the programmed teaching machine help?

**Mr. Maynard:** I think it has a real value in that it is completely flexible. You can go at your own speed and your own time. That's one of the problems for the small businessman—getting away from his business. And it is inexpensive.

**Mr. Burns:** I think the only answer to the problem for small business is smart entrepreneurship. The big businesses will always have the advantages of mass production, mass selling, the use of equipment like data processing devices and so on. The small businesses will try to adapt by using service centers and things of that sort. But fundamentally, they will live by their wits as they always have. The small business can beat a big business under certain circumstances. They will always be able to do that.

A successful small business becomes a big business. The key is really entrepreneurship.

**Mr. Bibby:** If it is true that we are going to be increasingly involved with international markets, it would seem to me that we should make a determined effort at an earlier age of a child's development to do a more intensive effort of trying to teach him languages, get him better acquainted with different cultures and traditions.

I would also hope we could inject a little more mathematics into the training of younger people.

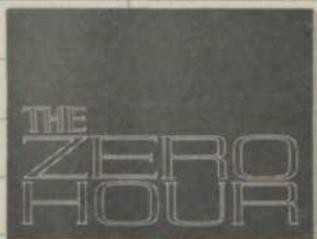
Going up on the scale I would like to think that businessmen could be more broadly educated. You might call them generalists. And that would be supplemented, I would suggest, by a longer period of education. The four-year period is insufficient. That's the reason you are running a graduate school of business, Courtney.

If I had my life to live over, I

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# Symposium • 4

continued

would try to learn some language, I would try to learn more about mathematics, I would plan on six or seven years of higher educational experience. By hook or crook, waiting on tables or whatnot, I would try to spend one year in some foreign country. I think I would be better prepared to handle my job if I had gone through that kind of experience.

**Mr. Eppert:** One aim of on-the-job training should be to achieve a complete recognition by every member of management of what the responsibility of management really is. In other words, what is it management is supposed to do in the business? If it is to expand that business and make it more profitable, where do you do that? We haven't said enough about marketing here. We have talked about competition. But in the last analysis, all functions and activities in a corporation exist and are important primarily because of the help they can provide in creating the maximum impact in the market place. That's their justification for existence.

You can lose an order or you can get an order in a lot of places in a company. I wonder if we are as much customer-oriented throughout all management as we should be?

**Dean Brown:** Does education make a man customer-oriented?

**Mr. Eppert:** What I really mean is that every manager should fully understand that he is a member on the marketing team. He may be operating, we'll say, out in Department 90 in the plant. Does he realize that he is also on the revenue team? What happens there in costs, quality, time-schedules, and everything else, can play an important part in the market place. He also has a role in finance.

Every manager has a role in the financial phase of the business. Lead times involve capital, the longer the lead time, the less the turnover. Better methods, creating a little better turnover, and shortening that lead time, automatically make great contributions to cash flow.

**Dean Brown:** How do we get these ingredients of good management?

**Mr. Burns:** This raises a problem,

because I think we are inclined to overstress the new technology and all the information needs and such, that we must certainly be aware and alive to. But the fundamental problem in business is not new technology, because there is going to be new technology on top of new technology. What we really want are managers flexible enough not just to accept this new technology but get us new technology on top of it. Therefore, there will be some inclination, unless we are careful, not to stick with the old fundamentals of developing logic, to develop problem-solving and decision-making.

Being effective in getting things done through people is still and will continue to be the principal need of business.

## FUTURE ROLE OF BUSINESS

**Dean Brown:** I'm going to ask each of you to express yourself briefly on your expectations for business, not in terms of activity, but in terms of its opportunities to share in and contribute to the development of the ideas and culture of western society.

**Mr. Bibby:** Well, I think that business in the future will be definitely more concerned and more vitally affected by the outside world. It will have to take a decidedly more active part in solving the problems of the whole society.

I don't think that business in itself is an end to itself. It is a combination of the whole economy. It is a part of the economy. It is not in conflict with labor. It is not in conflict with government. It is not in conflict with anything except the struggle to better the progress of man.

To that extent, one has to look forward to the time when businessmen speak out more openly and try to do their best to get their views across to their governments, to the various other segments of the economy, with one end objective in mind—to build a better world.

**Mr. Eppert:** I endorse completely what Dause Bibby just said. If business does not speak out to preserve free competitive enterprise it will abdicate a basic responsibility.

We must make certain that everyone understands what free competitive enterprise means to them personally—what is in it for them.

There is a lot in it for each of our almost 200 million Americans.

**Mr. Rockefeller:** I think we have to recognize that the role of business in this country, relative to other major elements, has probably declined in the past 50 to 75 years; whether this decline will continue or be arrested and perhaps even reversed depends to a large extent on business leadership.

It seems to me that business has an opportunity to play a very essential role in our society through initiative and imagination, reducing costs, proliferating products, raising standards of living, increasing opportunities for more leisure time.

And if it will do those things and at the same time participate with the other elements of society in seeing that our higher standard of living and our greater amount of leisure time is used to a greater social purpose and not just to spend more time looking at funny papers and such, then it seems to me that the role of business could be a very capital role.

But this is going to take a more aggressive, outgoing, constructive leadership than I feel has come from the business community up to now. I hope that the educational system and the structure of our society will produce an increasing amount of this kind of leadership.

**Mr. Maynard:** We are managers because we serve the people and are allowed to hold a position of power. In the changes that lie ahead will come tremendous opportunities to do more to obtain this additional power and to go on to greater things. But we'll only be given that opportunity if the social group we serve believes we will do it well.

This brings into the discussion a word we haven't used. It's the image of integrity the management group inspires. By image, I don't mean public relations, but the way management serves society.

We who are interested in management should be concerned with ethical practices in our businesses, perhaps much more than we have been in the past. We have been torn between jungle tactics and the things that we, as professional managers, would like to feel that we do to take advantage of opportunities and develop our integrity.

**Mr. Lederer:** I think business management has the greatest opportunity in the world to use its powers of decision for the good of society, provided it operates toward a social-

ly acceptable end in the community.

The opportunity is there and it probably is the last opportunity that the different structures of society in western civilization will have.

It starts with the process of self-education, the realization that the economic enterprise is the determining factor in society. It carries with it responsibility, it carries with it obligations, and it carries a tremendous power. The manager has to learn how to use his power wisely for the structuring and strengthening of what we believe in our western civilization.

**Mr. Burns:** Business will get the role that it deserves. It will have great opportunities. I believe that's true because business will be increasingly crossing lines of society, as we have discussed here. As business leaders cross more and more lines, business will relate itself more and more to society.

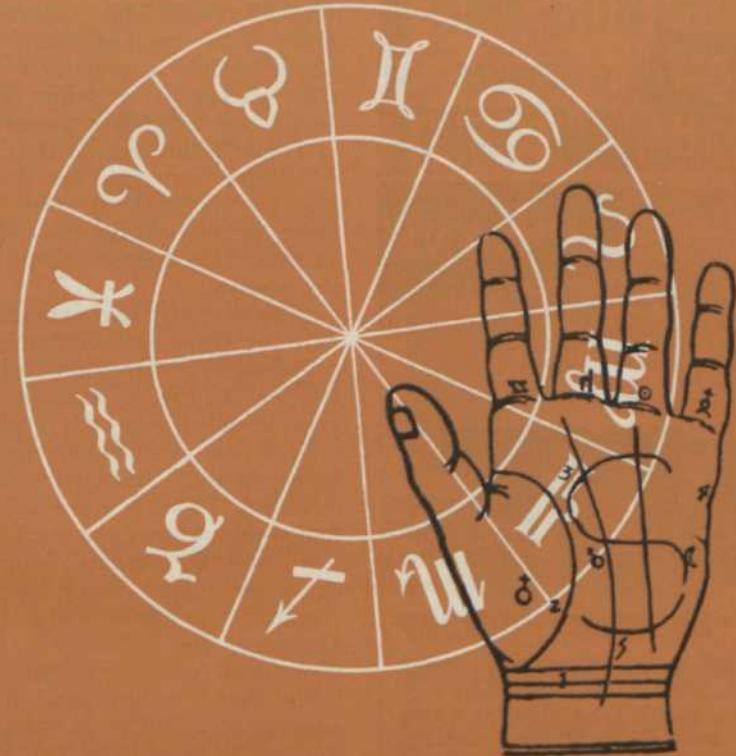
In the international field there is an enormous opportunity. Problems don't know anything about international boundaries. If we work with our foreign friends on common problems, we shall come up with common answers and greater common understanding.

I believe, finally, that business and government must develop better understanding and better means of communication. I think the discussion we have had today bears that out.

**Dean Brown:** Gentlemen, we have ranged over a wide number of questions relating to the problems that management will face in the years ahead, the characteristics of organizations that managers will manage, the ways that are available to develop management competency, and the extended dimensions that will describe the role of management in the future.

Finally, each of us has expressed an appraisal of the place that management and business as the instrument of management will occupy in the societies of the world as we look down the road. I think the insights you have provided will be of great significance for those who have the benefit of reading them in **NATION'S BUSINESS**.  
**END**

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## CONGRESS

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through checks and balances is inferior to the parliamentary system, under which a popularly elected chief executive, or prime minister, wields the legislative power.

Their assumption is that in any legislative struggle the President has the popular mandate or, at least, is advocating the right approach. This does not stand up under analysis.

Consider just one example from each of three administrations:

*President Truman and labor legislation*—In 1947 a Republican Congress enacted over the President's veto a new labor-management law known as the Taft-Hartley Act. Denouncing it as a slave labor law that would destroy unions, Mr. Truman and the unions launched a drive for repeal when Democrats regained congressional control. However, the effort was hastily abandoned as Democratic leaders found that it would result in House passage of a bill even more objectionable to labor. The Taft-Hartley law remained intact until 1959, when the most heavily Democratic Congress in two decades, responding to popular pressure for labor reform, imposed more restraints on labor unions. Ironically, it fell to the lot of John F. Kennedy, then a senator, to help draft the new law.

*President Eisenhower and highways*—In 1955 Mr. Eisenhower proposed the biggest public works program in history, construction of a network of national superhighways. He said it should be financed by borrowing money through long-term bonds. Democratic leaders insisted that it should be financed instead by higher taxes on highway users. The impasse was resolved a year later, when the Eisenhower Administration conceded the Democrats had been right. Treasury Secretary George M. Humphrey agreed it was better to raise the revenue through taxes than through bonds.

*President Kennedy and foreign aid*—Last January the President told Congress that he must have \$4.9 billion in new foreign aid funds. "Incredible," declared Rep. Otto Passman, Louisiana Democrat who heads the House Appropriations Subcommittee on Foreign Aid. Mr. Kennedy set up a citizens' committee to study the program. The citizens said the request was excessive. The President responded by withdrawing \$420 million from his budget request.

Those who contend the President holds the legislative mandate fail to note that a presidential election usually muffles and distorts the voice of the people on legislative issues.

It is distorted by the rhetoric of party platforms, which try to appeal to voting groups with mutually conflicting goals. It is distorted by the winner-take-all system of counting states' electoral votes. It is muffled by the two-party system which forces the voter to choose between two candidates or cast a protest vote.

The fact that Presidential Candidate X was elected after endorsing legislative program Y does not provide a mandate for the enactment of legislative program Y even when the margin of ballots is much greater than that of 1960: Kennedy, 49.7 per cent; Nixon, 49.5 per cent, and others, 0.8 per cent.

After the President is elected, the voters get their first chance to discriminate among his proposed programs. In 1961, those who voted for President Kennedy could pressure Congress to reject a particular Kennedy program which they opposed. Similarly, those who voted for Mr. Nixon then could pressure Congress to enact a Kennedy program which they favored.

This wider voter choice afforded by the American system of checks and balances does, of course, make it more difficult for a President to run things from Washington. If he wants any controversial legislation, he must operate as a lobbyist for his cause.

It is ironic that the cry for congressional "reform" should be so vociferous at this time.

To illustrate, compare myth with fact.

*Myth*: President Kennedy is weak in dealing with Congress because a balky Rules Committee frequently bars his bills from the House floor after they emerge from legislative committees.

*Fact*: The White House has, in effect, controlled the flow of legislation to the House floor for more than two years—longer than any other President in the last 25 years. Shortly after Mr. Kennedy entered the White House, his forces diluted the power of conservatives who for a quarter century reigned over the House Rules Committee.

By an eight to seven margin the Committee now has a majority of lawmakers friendly to the President.

Only one major Kennedy bill pending before the Rules Committee seems blocked there indefinitely.

That is his proposal to provide special federal job aid for youths. It is caught in a rare crossfire.

One of the Committee Democrats friendly to Mr. Kennedy is reluctant to vote for it because the issue of racial integration has been raised against it in his southern homeland. If it were regarded in the north as a civil rights bill, some of the Committee's conservative Republicans could be counted on to help get it through the Committee. But the Republicans oppose it as another spending program.

**Myth:** Southern committee chairmen are blocking Kennedy programs.

**Fact:** By and large the President won the cooperation of southern committee chairmen. The southern Democrats who voted with Mr. Kennedy in the first four major struggles this year included six of the nine southerners who head House committees that legislate on national affairs.

The six, and their committees, are Arkansas's Mr. Mills (Ways and Means) and Oren Harris (Commerce); Georgia's Carl Vinson (Armed Services); North Carolina's Harold Cooley (Agriculture) and Herbert Bonner (Merchant Marine); and Texas' Wright Patman (Banking).

Last year Mr. Cooley toiled with White House lobbyists for weeks to pry out of his Agriculture Committee, by an 18-17 vote, a controversial bill that would have extended rigid government controls to production of feed grains. Lobbying by the President himself produced the final vote in the Committee victory.

However, despite softening amendments adopted on the floor to placate foes, the measure finally was defeated, 215 to 205.

"We forced it out of committee over the committee's better judgment," a Kennedy strategist concluded afterward. "The committee was right; it couldn't be passed."

Only two chairmen of House committees are regarded as firm White House foes: Rules Committee Chairman Howard W. Smith, Virginia Democrat, who no longer has the votes to control his committee; and Appropriations Chairman Clarence Cannon, Democrat from the border state of Missouri.

In the Senate, Virginia Democrat Harry F. Byrd is rated as Mr. Kennedy's chief ideological foe. But Senator Byrd has not tried to use his position as chairman of the Senate Finance Committee to thwart action which he opposes. It

is true that, as Senate Democratic Leader Mike Mansfield puts it, "Byrd is not an obstructionist."

In modern times civil rights has been the only legislative field in which a minority has repeatedly thwarted the will of a majority of Congress. Southerners have skillfully used the Senate filibuster to block or weaken civil rights bills.

Rule 22 permits a minority to carry on unlimited Senate debate on any issue until two thirds of the Senators are willing to force a vote.

On occasion the Southerners have been willing to stop blocking civil rights legislation in exchange for Senate acceptance of weakening amendments. They have compromised only when they were convinced that a fight to the finish would result in passage of stronger legislation.

Neither the rules nor the organizational structure of Congress are likely to be changed significantly in the foreseeable future.

Actually, the existing rules give far more power to the majority party in the House than is generally realized. The House Rules Committee has the power to bring any bill to a vote on the House floor, even if the legislation has not been approved by a legislative committee and even if no hearings have been conducted.

In fact, the Rules Committee, together with the Speaker, can bring a bill to a vote 24 hours after it has been introduced. It can even bring the bill up immediately, if the speed-up is approved by a two-to-one House vote.

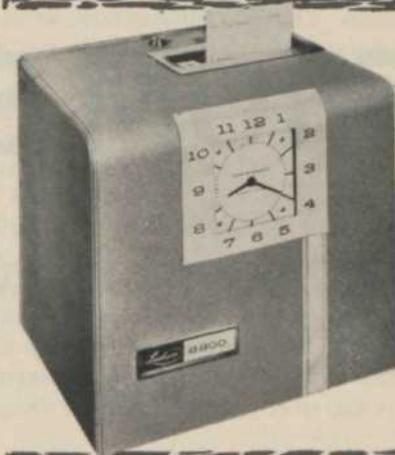
This happened on May 26, 1946, when the House passed an emergency bill to permit striking railroad workers to be drafted into the Army. The measure passed the House less than two hours after President Truman submitted it to Congress in a personal appearance before a joint session.

An effort to put the measure to a Senate vote the same evening was blocked by objections from Senator Claude Pepper, a liberal Florida Democrat, and the late Senator Robert A. Taft, Ohio Republican.

Mr. Pepper, now a member of the House, recalls:

"At that particular time the American people would have applauded enactment of the bill. In fact, they were really demanding such a vote. But because Senator Taft and I stopped the bill that evening, it was not adopted. And in the long run it was better for the country." —VINCENT J. BURKE

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# WHAT YOU CAN LEARN FROM SUCCESS

Studying your victories will lead you to more

**SPOILED BY SUCCESS** is a familiar phrase in our language. We have all seen examples of failure brought about by success. A man, or a company, may relax too much after making a relatively minor gain, and thus lose ground to competitors.

Yet you can capitalize on your past successes by analyzing them and applying what you learn to increase your chances for further accomplishments.

Duplication of success is no rubber-stamp process. It's knowing how to distill out the creative elements, avoiding the poisons, that makes it possible to use each achievement as a stepping stone to more of the same.

These guides can help you:

1. *Enjoy your success.* The element of drive, the will to achieve, is one of the most important success ingredients. Being bored with success is the most damaging reaction that can follow achievement. The man whose victories are followed by the feeling that, "I've been there before," is set for a letdown.

The importance of relishing success is emphasized by Robert B. Hensley, president of the Life Insurance Company of Kentucky. Says Mr. Hensley: "Managers must have a continuing reason for work and accomplishment. The secret is to learn to value the rewards of success. The man who is able to enjoy the fruits of victory has the greatest reason for wanting to generate a continuing chain of victories."

The enjoyment of success follows a natural cycle. The peak should come on strong, shortly after the achievement has been scored, should reach full bloom and remain at the peak for a day, two days, a week, depending on the magnitude of the victory. Then it should subside rather quickly, leaving behind it a pleasurable glow.

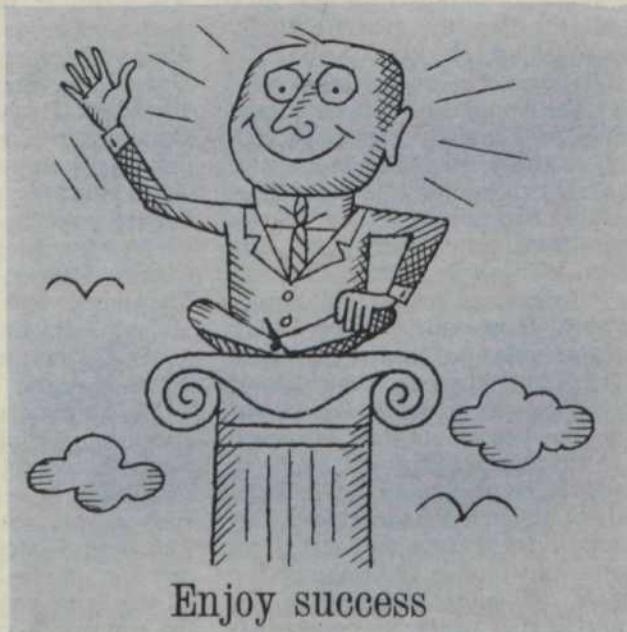
Any deviations from this cycle—for example, unnatural extension of the enjoyment, or retention of self-satisfaction at too high a level—is undesirable.

It becomes indulgence instead of enjoyment, creates apathy instead of action.

2. *Beware the poisonous by-products.* If you're on the lookout for adverse symptoms, you can offset them. For example: One of the means used to create an unnatural aura of success is the personal claque. The "yes" man is insidious. While he stokes up the executive's self-satisfaction, he also increases inertia.

John W. Rollins, president of Rollins Leasing Corporation of Wilmington, is a strong advocate of recognizing the team nature of most victories.

"Learn early in the game that you cannot go it alone, and those who helped should know of your gratitude," he says. "The pat on the back you give subordinates and colleagues who shared in the





## Share victory with others

achievement does both them and you a world of good. On one hand it insures their willingness to join you in future projects. Just as important is the reminder you get that in the achievement of success, no man is an island."

**3. Know success for what it is.** Evaluate a given success. Ask, "What exactly did I accomplish?" Add such follow-up questions as: "Is it actually as big an achievement as others say it is?"

P. Benjamin Grosscup, Jr., president of Heritage House, a garden-products firm of Pittsburgh, sounds the warning against the overinflation of values that besets large segments of American business today:

"The use of such words as 'terrific' and 'sensational' to celebrate a perfectly mediocre performance may have started in Hollywood, but similar comments now resound in many executive suites. Such exaggerations can distort performance values, and knock sound judgmental standards into a cocked hat."

Be tough-minded enough to evaluate the accomplishment despite the excessive applause of well-meaning friends. Probe by asking yourself:

"Might it have been bigger and better?" You may be satisfied by only a partial victory.

"Was the goal too easy?" Anyone can hit a sitting duck.

"Did I have to extend myself?" A pushover calls for a ho-hum rather than a hurray.

"Was the outcome influenced by luck, or circumstances I didn't control?" Nice to have Lady Luck on one's side, but acknowledge—at least to yourself—the part in the victory scored by that kind lady.

"To what extent was the performance of others responsible for the outcome?" Successes are usually achieved by standing on someone else's shoulders.

**4. Jump off your own bandwagon.** Some people mistakenly feel the way to repeat a success is to follow the same formula that produced it. Failing to isolate

the particular elements of their success-achieving activity, they simply attempt to duplicate what was done before. And then you hear the business manager who has just come a cropper say in bewilderment, "But it couldn't fail. It's always worked before . . ."

Our world is too dynamic for yesterday's approach to success to stand much of a chance today. Some residential builders have fallen victim to their own bandwagon thinking. They make a pile of money putting up a \$20,000 development house. Unexpectedly, they find themselves stuck with the same type of house in the same community. What's changed? The community has changed, the house-buying public in the area is looking for something better, the community is taking off in another geographical direction, and so on.

What's needed to make yesterday's success formula potent is the addition of new ingredients. It's the new twist that adds fresh appeal or effectiveness to an approach.

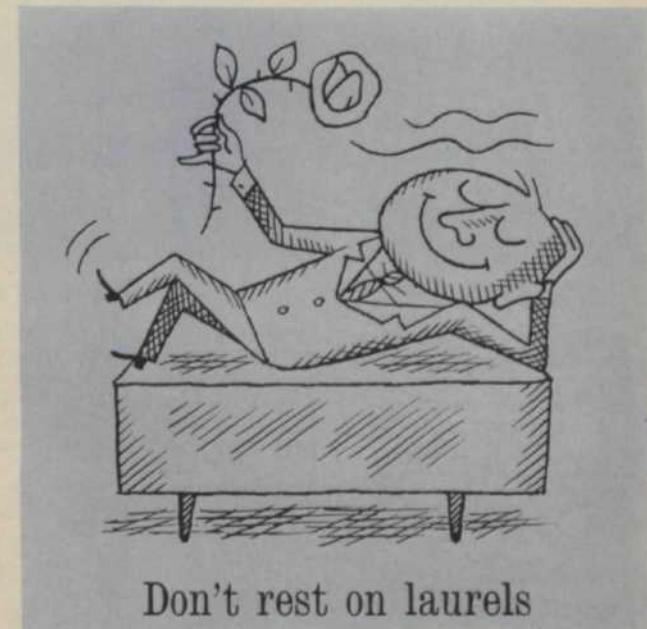
These new elements needn't have a mystical origin. Often they exist in one form or another in the approach that has already been successful. The problem, and it's covered in the next point, is to find the seeds for tomorrow's endeavor in yesterday's success.

**5. Isolate the potent elements.** In a word, you want to develop answers to the question, "What did I do right?"

This line of questioning directs itself at the factors that brought about the success. Failure to look beneath the surface can lead to trouble.

For example, the head of an autonomous division of a large western electronics firm undertook to improve the housekeeping of his plant. A campaign was mapped out and implemented. A week later everyone from the big boss down to the office boy was congratulating him on the happy outcome.

The building shone with favorable consequences readily detected in the areas of efficiency (materials handling was considerably expedited), morale (the



## Don't rest on laurels

employees clearly preferred working amid well kept surroundings), quality (people became more aware of waste and sought to avoid it).

Some time later, the same executive undertook a safety campaign. But after six months, the accident record was worse than it had been before the campaign started. Back-tracking somewhat belatedly, the division head discovered these reasons for the first success that were lacking in the second attempt:

He had started by appointing an effective planning committee consisting of both supervisors and employees.

A communications build-up had preceded the clean-up period. Employees had been fully notified of both the objectives and the reasons for the effort.

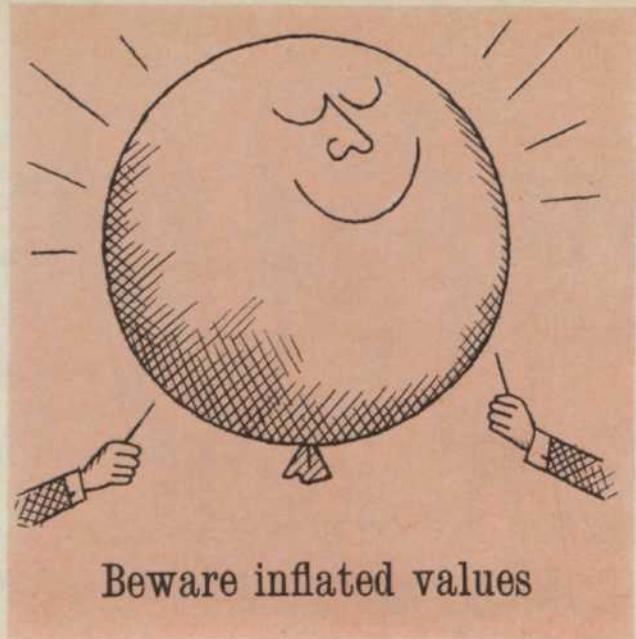
Supervisors of each area had been fully briefed and directed to implement any suggestions provided by employees.

The executive himself had followed up the house-keeping effort, complimenting the supervisors whose efforts were paying off, encouraging the less effective ones to renewed efforts.

However, in the safety campaign, several of these vital elements were lacking. For one thing, only perfunctory efforts had been made to explain the importance of the effort to employees. There had been no follow-up, no continuing drive to insure the co-operation of supervisors.

In analyzing a success, it often helps to distinguish between planning and implementation. In an ideal case, flawless planning is followed by inspired action. But more typically there are lapses in both areas.

Accordingly, your review might consider whether the planning was in tune with reality, how closely expectations matched actuality; capacity assessment, how well men and facilities lived up to expectations; flexibility, the latitude built into the plan to permit adaptation to unexpected developments; controls, the



**Beware inflated values**

procedures by which activity was kept on track and held to desired performance levels.

In the area of implementation, the review should focus on men and facilities, to see whether noteworthy performances deserve particular credit for the success achieved.

Don't underestimate the intangibles. As Philip Lesly, president of the Chicago public relations firm that bears his name, points out:

"When you ask yourself, 'What made this a success?' don't look only at the things you can measure. Practical businessmen are always tempted to consider only those things that can be counted, weighed, measured, seen or handled. But often the things that are invisible are equally important. What were the attitudes of the people involved—and what created those attitudes? Often the same set of 'facts' will fail completely in one emotional climate and succeed in a different one."

**6. Extend your horizons.** Psychologists who have studied the area of motivation designated by the phrase "level of aspiration" tell us that for the most part the constant achiever is the individual who scores a series of successes, each one just slightly larger in magnitude than the one before.

Like the high jumper out to score a record, you want to raise your sights little by little. As every challenge makes you extend yourself just a little more, you get closer and closer to what is, after all, the real importance of success: the fullest degree of personal self-realization, the utilization of skills and qualities that only appear when you extend yourself. After all, that's a major value of success—it helps you become more truly yourself.—AUREN URIS

**REPRINTS** of "What You Can Learn from Success" may be obtained for 25 cents a copy, \$12 per 100 or \$90 per 1,000 postpaid from Nation's Business, 1615 H St., N. W., Washington 6, D. C. Please enclose remittance with order.



**What did I do right?**

## NEXT YEAR

continued from page 32

ness going next year." A number of executives say they think the benefits of any tax cuts will be felt more in the long term than in the short-range outlook, although some see the effects the other way around.

### Sales outlook

Seventy-eight per cent of the businessmen polled expect their sales to be better in the next 12 months than in the past 12.

Only three per cent feel their sales will drop, while 18 per cent predict the volume will approximate that of the past 12 months.

### Automation's impact

While 43 per cent of the survey participants say automation is significantly affecting their plans for future hiring, 50 per cent say it is not having a significant effect. Others gave mixed answers, or indicated that they did not feel the question applied in their business.

Some executives, among them a bank president in Texas, say flatly that new automated procedures will lower their manpower needs in the years ahead. Others say automation will result in few, if any, reductions in their work force and several say they will employ more people, rather than fewer.

Others point out that the impact of automation on employment has been gradual, allowing them to make adjustments without serious job dislocation.

The president of a manufacturing concern in Massachusetts notes, "We are doing more work with fewer people but expect to add employees as our business increases."

Some company spokesmen cite the need for employee training and retraining as the result of automation and many point out that they are automating wherever possible to offset rising labor costs.

Mr. Warnock of Armstrong Cork comments:

"If by 'automation' is meant that sudden state of technology where the production process is performed by machines controlled by still other machines in a closed-loop feedback system, then the question of the impact on employment planning is applicable to but a few operations at this time. If the term is employed simply to refer to the latest steps which have been taken along a technological trail originating in the Industrial Revolution,

(continued on page 82)



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Who are these voluntary workers—what is their standing in the business community? To give you an idea, the pictures of the Chamber's *committee chairmen* for 1963-'64 are shown here.

What do the Chamber's committees do? They do *not* formulate Chamber policy, that is not their function. Their function is to give expert guidance and direction to the Chamber's Board of Directors.

Each committee is a specialized research group. It is an advisory body to the Board. Each committee analyzes trends and developments in an important sector of the economy in which it has a recognized competence. *Or* it studies a certain group of related legislative issues with which it is familiar. *Or* it studies a particular phase of the Chamber's work on which it has some background.

The committees make specific recommendations to the Board of Directors for new policy proposals, or for changes in existing policies, to be voted on by the membership.

More than that, the committees keep a steady flow of forward-looking ideas and suggestions coming to the Board for new projects, programs and activities to strengthen and improve the American competitive enterprise system, to build greater public sentiment for the business point of view, and to safeguard our representative form of government.

We have a booklet which may interest you as a businessman. It is called, "Officers, Directors and Committeemen of the National Chamber." It outlines the purpose of each committee and lists the committee members by name, title and business affiliation. A copy of this booklet will be sent you free on request.

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## NEXT YEAR

continued

then employment planning is significantly involved as it always has been and always will be. To impede progress toward automation is to invite competitive suicide."

### Pricing plans

Where do prices go from here? The answers generally indicate a stable period ahead.

A number of businessmen split their answers because of multiple product lines. In some instances, for example, they contemplate a boost in the price of one product, while they will hold the price line on other products, or reduce prices.

A few say they are withholding judgment on prices until they see "what the competition does."

Eugene C. Zorn, Jr., vice president of the Republic National Bank of Dallas, says, "Bank loan rates will move up if Federal Reserve policy becomes more restrictive."

Harry Hodge, vice president and controller of the Green Giant Company, LeSueur, Minn., says, "Projections for the next 12 months include both stable, increased and decreased prices created by increases

in competition and efficiency as they affect individual products."

The president of a railroad points out, "We are continually adjusting to reflect changes in technology, movements of competitors and changing market demands. We do not foresee any 'across-the-board' price movements; changes that will be made will be on a selective basis."

### Forecast for profits

Asked, "Do you expect your profit per dollar of sales in the next 12 months to improve over the past 12 months, decline or remain about the same?" 45 per cent—the largest single group—say they expect their profits to hold at about present yields between now and the middle of next year.

Thirty-six per cent expect improvement. Of the remainder who answered this question, 13 per cent predict a decline.

### Inventory, costs, spending

Three survey questions covered expectations for inventory volume, anticipated labor costs (including fringe benefits) and corporate spending plans.

Fifty-six per cent of the business leaders say they expect to hold

their inventories at about present levels in the coming 12 months. Thirteen per cent say they will increase inventory and an equal number say they will decrease their inventory.

Others pointed out that in their business they do not carry inventory as such, or said their inventories fluctuate seasonally.

As to anticipated increases in labor costs—expressed in cents per hour—a majority look for rises from four to 12 cents an hour. For some a prediction was difficult because of pending union demands for increases, uncertain movements in the Consumer Price Index to which their employe wages are tied, or other factors.

One oil company officer says, "We do not expect a wage or fringe benefit increase in the next 12 months."

To the question on spending intentions, 43 per cent say their companies will spend more for expansion and capital improvements in the coming 12 months than they did in the past 12. Forty per cent say "about the same." Eighteen per cent say they plan to spend less.

### Government worries many

Profound misgivings about the effect which the federal government is having on the nation's economy were reflected in the responses to the survey.

Asked, "Do you feel the Administration is following a policy line that is helping or hurting business?" 68 per cent answered that they feel administration policies are hurting business; eight per cent believe these policies are proving helpful to business; more than 20 per cent hold that the effect of government policies has been both helpful and harmful.

"Too much government interference," a power company president tersely answered when asked to name the biggest problem facing business today.

"Unfair taxes and government interference," comments H. P. Marshall, president of the Bank of the Commonwealth, Detroit.

Asked what they think is needed to solve the problems confronting business and industry, executives recommend a variety of actions, including tax relief, reductions in federal spending, bringing unions under the antitrust laws, cutting down the size of government, harder, smarter work by management, and more active promotion of the free enterprise system by businessmen.

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## UNDERCUTS JOBS

continued from page 41

Interior Department pushing for congressional authorization of Trotters Shoals?

Secretary of the Interior Stewart L. Udall says:

"The southeast is one of the few areas where clean, fresh water is still available in substantial supply. In our judgment, the only prudent course is to develop and conserve these great water resources expeditiously and judiciously."

"This is a project with substantial power potential in an area where the preference customers need more power."

"Located between the Clark Hill and Hartwell projects, the three contiguous lakes will form a recreation complex of national significance."

"In addition, since this is developing into one of the great industrial areas of our nation, abundant clean, fresh water will be available for municipal and industrial use."

### What advocates say

Supporters of the Trotters Shoals project contend that it would create jobs and strengthen the economy of the region by enhancing its recreational facilities and by attracting industry to the reservoir's water supply. Local business and civic leaders, however, point to the Clark Hill and Hartwell installations as evidence that this just doesn't happen.

"We judge the future by the past. The building of the Clark Hill and Hartwell projects has formed industrial deserts with thousands upon thousands of acres of water down the middle," declares E. H. Agnew of Starr, S.C., former president of the South Carolina Farm Bureau Federation and a trustee of Anderson County School District Number Three.

"What we need is not more recreational facilities, but more jobs and more tax income for an expanding educational economic opportunity. It's the damage that Trotters Shoals would bring to the industrial and agricultural future of our area that really hurts. It hurts because it clouds the chances for economic progress and educational advancement. Our youth must be well trained. Training includes better schools. Better schools cost more money, and Trotters Shoals offers no money. Private industry does—it pays taxes."

The counties on both the South

Carolina and Georgia sides of the Clark Hill reservoir are listed as depressed, as are all of the Georgia counties extending up to the Hartwell reservoir. These and other adjoining counties are suffering a constant loss of population as their residents, particularly young people, go elsewhere looking for jobs. Industrial development has not taken up the slack in employment created by the region's declining agriculture.

"My experience has been that water-using industries won't locate on a federal reservoir," says Walter W. Harper, director of the South Carolina State Development Board. "No industrial development has resulted from either the Hartwell or Clark Hill projects. The proposed Trotters Shoals project cost the

More strikes ahead? In the short term—yes. In the long run—no. So says top industrial psychologist. For his reasoning, see page 36

area at least one substantial industrial prospect because of the threat of a federal dam."

McCormick County, which adjoins the Clark Hill reservoir, is the single South Carolina county in this area listed as depressed. Frank E. Harrison, a McCormick attorney, says:

"Clark Hill has created tremendous problems that those of us who are trying to attract industry have spent a great deal of time attempting to overcome in the past 10 years. We fear that another reservoir will undo what progress we have made. When a corporation finds that it must get federal approval to locate on the reservoir, it just moves on. The town of McCormick had to get a special act of Congress in order to buy water from Clark Hill."

"The recreational facilities offered by the reservoir haven't produced any jobs, either. The people that come to Clark Hill may spend a little money for gasoline, bait or food, but most of them come from less than 100 miles away and bring it with them."

### The view from Georgia

On the Georgia side of the Clark Hill reservoir, the picture is much the same. Harry C. Stewart, mayor of Lincolnton and an automobile dealer, describes it this way:

"Most of our timberland in Lincoln County was flooded by the lake. Our population is decreasing and per capita income is less than \$900 a year, among the lowest in the state. The only commercial establishment produced in our county by Clark Hill is a fishing camp on the lake. It was built for \$100,000 and has been sold three times, the last time for \$40,000."

The situation at the more recently completed Hartwell project offers no more encouragement. No new industry can be cited which came because of the reservoir. In fact, one factory which was located there before the dam was built—the Utica-Mohawk plant of J. P. Stevens & Company—is currently trying to recover damages estimated at \$1.5 million as a result of the federal installation.

James M. Stepp, a professor of agricultural economics at Clemson College who made a study of the Trotters Shoals project for the South Carolina State Development Board, offers this analysis:

"The most important test of any proposed resource development project is simply this: Will the net long-run effect of the project be more and better jobs or fewer and poorer jobs for the people of the area? I am convinced that the net effect of the Trotters Shoals project would be to reduce both the quantity and quality of employment opportunities in South Carolina and Georgia."

"The proposed project would severely restrict and perhaps destroy the ability of the area near the reservoir to compete for the large group of industries known as wet-process industries."

Professor Stepp lists these factors: Existing sites would be flooded by the reservoir; industrial effluent must receive more costly treatment if discharged into a reservoir instead of a flowing stream; large water-using industries ordinarily provide their own water supply facilities and prefer river-bank sites



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## UNDERCUTS JOBS

*continued*

where water rights are included in real estate property rights; uncertainty would result from the reservoir's control by a federal agency which has no responsibility for local industrial development and is governed by policies and political pressures originating far from the area.

"Since World War II," Professor Stepp adds, "about 30 new wet-process plants have been built on the free-flowing portions of South Carolina's rivers, whereas only one has been built adjacent to a reservoir—and that reservoir is owned by the county in which the plant is located."

He points out that there are strong reasons for doubting claims that federally owned reservoirs on the middle Savannah River would form the basis for a tourist industry that would provide sizable employment. This could happen only if large numbers of tourists from other areas were persuaded to vacation there.

### REA has a hand

Because of the prospect of more federal hydroelectric power from the dam for preference customers—Rural Electrification Administration cooperatives and municipal power facilities—a significant part of the support for Trotters Shoals has come from REA cooperatives. Charles A. Robinson, Jr., staff engineer and counsel of the National Rural Electric Cooperative Association, says:

"Power generated at Trotters Shoals would be marketed by the Southeastern Power Administration in Georgia, South Carolina and North Carolina with priority to preference customers. REA-financed systems in those states now obtain wholesale power from government dams, via the Southeastern Power Administration, and from investor-owned utility companies. The major portion of the energy purchased by the cooperatives comes from investor-owned utilities."

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"Federal Power Commission estimates show that loads are doubling each 14 years in the area to be served by Trotters Shoals. If federal power is to remain a significant factor in regulating wholesale rates in that area, it must continue to constitute an effective fraction of total capacity. This means new multiple-purpose reservoirs, and Trotters Shoals is among the best yet remaining undeveloped."

Local residents point out, however, that expanding power needs will be met by private enterprise if the obstacle of the proposed federal dam is removed. Duke Power Company of Charlotte, N. C., which supplies power to the region, owns a site on the river eight miles below the Hartwell dam and has long planned to build a large steam-generated power plant there.

Congressional approval is needed for Duke to build a small dam to provide cooling water for the plant. A bill authorizing this construction died in the past session of Congress, and Duke was forced to change its plans and build new facilities in North Carolina to supply the pressing power needs of its customers.

"We still want to build a steam plant on the Savannah River," says William B. McGuire, president of Duke Power. "Since the postponement of the plant we have been making studies to determine when it will be possible for Duke again to include it in our plans. It now appears that Duke can economically use generation from the Savannah River plant beginning sometime during the period 1970 to 1975."

Mr. McGuire adds, however, that the proposed Trotters Shoals dam would flood the location of the small dam which Duke must build in connection with its plant. To surmount this problem, he says, "the practical and economic considerations would be so great that, as best we can now determine, we would not build the dam."

### What comparisons show

An interesting comparison of the relative merits of buying power from Duke or from REA cooperatives is provided by Mr. McGuire. In 1961 the average charge to residential customers of South Carolina REA cooperatives was 2.42 cents per kilowatt hour; Duke's average charge was 1.95 cents.

The \$210 million steam plant which Duke hopes to build on the Savannah would generate 11.4 billion kilowatt hours of power annually in comparison with 471.4 million for Trotters Shoals dam. Duke

would pay annual taxes of \$7.4 million to the federal government and \$5.95 million to state and local governments, while Trotters Shoals would pay none. Yearly operating and payroll expenditures would be \$3 million for Duke and \$483,000 for the federal installation. In addition, Duke would buy \$24 million worth of coal each year from mines in West Virginia, Virginia, Kentucky and Tennessee, states which also contain depressed areas. Trotters Shoals, being hydroelectric, would not require fuel.

Another major corporation which owns a plant site on the disputed section of the Savannah River is The Mead Corporation of Dayton, Ohio, a manufacturer of paper and paper products with operations in 17 states. In 1956 Mead bought a 1,000-acre site on the river near Calhoun Falls. Since then it has invested \$1 million in nearby timberlands and committed itself to an additional \$2 million.

If Trotters Shoals is built, it would flood most of the Mead site and eliminate the free-flowing water needed for treatment of the effluent from the proposed plant.

"This would make an industrial development such as ours impossible," says Ford T. Shepherd, a Mead vice president. "We intend to use the site for the purpose for which it was purchased when economic conditions justify the huge investment involved. However, this important decision can't be made until we are assured of our water supply and a flowing river for adequate treatment of our effluent. If Trotters Shoals is built we are dead."

"If we knew that Trotters Shoals was not in the picture, I think the only barrier would be economic conditions. Our planning indicates that we need additional capacity within five years."

The paper mill which Mead contemplates building would cost nearly \$40 million and employ from 600 to 650 people with an annual payroll of about \$5 million. The mill would require about \$8 million worth of pulpwood each year, produced by 2,500 men working on the farms and forest lands outside the plant. It would pay federal, state and local taxes of nearly \$4 million.

A paper mill would give the local economy an unusually strong boost. Unlike many manufacturing industries found in farm communities, a paper mill makes use of a local natural resource. Cotton has declined sharply as a factor in the economy of the region, and much of the land has been planted in tim-

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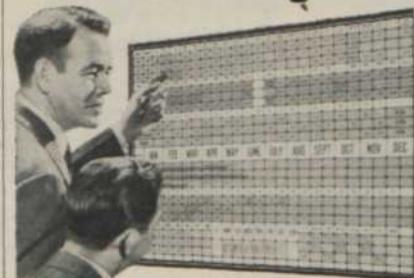
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## UNDERCUTS JOBS

continued

ber. Without a nearby mill, however, the pulpwood market has become increasingly depressed as the large coastal mills have come to depend largely on timber producers closer to them.

### Price depression threatens

"Unless a market in the form of a pulpwood consuming mill is soon provided, upper South Carolina faces a serious oversupply of pulpwood and this will lead to a depression of prices, farm income, commerce and land values," according to J. Wesley Hughes, manager of the Abbeville County [S. C.] Development Board.

Holcombe M. Verdery, Jr., a lumber dealer in nearby Harlem, Ga., says:

"A paper mill would provide a market for timber, jobs for people required to harvest wood, and jobs for manufacturing personnel. It would stimulate the economy and provide a healthy business community, able and capable of paying more taxes. More taxes would provide better schools. Residents would be able to find work within commuting distance of their homes. Young people would have job opportunities. At the present time they have to look for work in distant cities."

Federal officials have questioned whether the plant proposed by Mead would be able to treat its effluent satisfactorily so that it would not contaminate the Clark Hill reservoir downstream. Mr. Shepherd has assured congressmen that it can do so.

Supporters of Trotters Shoals also have contended that the federal project would not be incompatible with the Duke steam plant. However, as Governor Russell points out:

"The difficulty is that, while the Corps of Engineers asserts that its proposal is compatible with the Duke plant's construction, Duke has not concurred in this conclusion. Duke cannot be compelled to accept the judgment of the Corps of Engineers."

In the same manner, a significant number of government, business and civic leaders in South Carolina and Georgia feel that they cannot be compelled to accept the judgment of the federal government that the Trotters Shoals project will be good for their states or for the country.

END

**DO YOU HAVE THIS MAN'S SALES PROBLEM?**

*"Small accounts could be profitable, too, if selling costs weren't so high"*

**Solution: Use Long Distance to maintain contacts, handle reorders and write new business!**

You can't blame your salesmen for passing up visits to a small account in favor of a big one. You might even approve of it, since there may be greater potential profit in the larger account.

But—if you're missing those small-account orders often, you're losing important sales. And a competitor is picking them up.

That's why it makes sense to *telephone* your smaller out-of-town accounts regularly. You stay on top of their needs. You reduce losses to competition. You get business you were missing before—at a fraction of usual selling costs.

Try this idea. It works.



**BELL TELEPHONE SYSTEM**

Solving business problems with communications



# THEY'RE YOUR REPRESENTATIVES

Business has never been better than during the past 12 months.

Gross national product, the total of all goods and services produced during the period, will total about \$568 billion.

That's a tremendous rise over the \$363 billion of 10 years ago.

Pay has never been higher. Both wages and salaries have soared to new peaks.

Even profits, that laggard among business statistics, are reaching new dollar highs, although they are still far below the level that many savers think should be the wages for their savings.

All in all, business is excellent.

Federal tax income also has never been higher.

Then why is the federal deficit nearly \$8 billion?

The answer is spending.

Perhaps the businessmen who made profits during a fiscal year in which the federal government showed such a huge loss could reverse the trend if they took a greater interest in their government.

The federal establishment has grown so big that it is difficult to find the right door, or address, or telephone number.

But your congressman and your senators are easy to reach, and anxious to hear from you.

They're your representatives.



## YES, YOU CAN BUY SOME KINDS OF HARDWARE FOR HALF THE PRICE OF SOLID BRASS

Bargain hardware has something in common with bargain clothing. You could have bought suits, shirts, or shoes at half the price of those you're wearing. But you didn't. Why? Because they lack the distinctive look of quality.

And they don't stand up in use. It's the same with bargain hardware.

Solid brass or bronze hardware pays off from the day it's installed. It lasts a lifetime. And keeps its good looks, too. So whether you're a manufacturer, a builder, or a

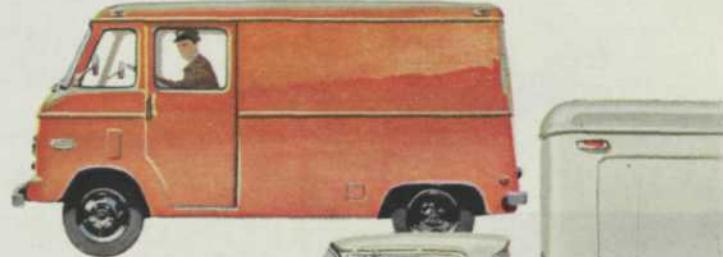
buyer, there are some places where it just doesn't pay to pinch pennies. Builder's hardware is one of them. The Anaconda Company, 25 Broadway, New York 4, N. Y.

**ANACONDA**®

**New 8-door Econoline Van.** Ford's Econoline Van, priced \$126 to \$394\* below old-style panels, now offers new 8-door option! 204 cu. ft. of loadspace with low level floor! Big savings on gas, tires, upkeep!



**New Ford 4-cylinder Diesel in Parcels.** Now! Diesel durability and reliability in parcel trucks from 8,000 to 15,000 lb. GVW! New 220-cu. in. 4-cyl. Diesel gives more miles between overhauls...greater economy!



**New tougher Ford Conventional.** Ford's Big Six engine gives you the durability of heavy-duty design in 27 vital areas—more than any Six of its size! Tailor this Ford to your need with choice of front axles, rear axles, alternators, heavy-duty brakes!



# Meet Ford's new city delivery trucks

Diesel or gas...short conventionals, tilts, walk-ins, vans...Ford has what you need to cut costs in city delivery work!



**New city-size Ford Diesel Six.** Ford's new 330-cu. in. Diesel for tilt-cab and new short-hood N-Series trucks can double the fuel mileage of gas engines in city delivery work. Many heavy-duty features for extra reliability and durability!



**New low-cost Ford 89"-BBC Short Conventional.** Priced just a few dollars more than ordinary conventionals, new compact N-Series trucks, with 89-inch BBC dimension, boost loadspace and payload but not wheelbase! Choice of Diesel or gas engines!

# FORD TRUCKS

For  
Outstanding  
Reliability &  
Durability

FOR 60 YEARS THE SYMBOL OF DEPENDABLE PRODUCTS



\*Based on comparison of latest available manufacturers' suggested retail prices.